

**DEPOSITION OF ALLYN POWELL**  
**October 26, 2018**

**1**

STATE OF SOUTH CAROLINA ) COURT OF COMMON PLEAS  
 )  
COUNTY OF HAMPTON ) CASE NO. 2017-CP-25-00335

RICHARD LIGHTSEY, LeBRIAN )  
CLECKLEY, PHILLIP COOPER, )  
et al., on behalf of )  
themselves and all others )  
situated, )

Plaintiffs, )

V. )

SOUTH CAROLINA ELECTRIC )  
& GAS COMPANY, a Wholly )  
Owned Subsidiary of SCANA, )  
SCANA Corporation, and the )  
State of South Carolina, )

Defendants. )

SOUTH CAROLINA OFFICE OF )  
REGULATORY STAFF, )

Intervenor. )

VIDEOTAPED DEPOSITION OF ALLYN POWELL

(Taken by Defendants South Carolina Electric & Gas  
Company and SCANA Corporation)  
October 26, 2018

Reported by: Rebecca L. Arrison

Court Reporter

Notary Public

**DEPOSITION OF ALLYN POWELL**  
**October 26, 2018**

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25

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1           Videotaped deposition of ALLYN POWELL, taken by  
2   the Defendants, at Haynsworth Sinkler Boyd, P.A.,  
3   1201 North Main Street, 22nd Floor, Columbia, South  
4   Carolina, on the 26Th day of October, 2018, at  
5   9:00 a.m., before Rebecca L. Arrison, Notary Public  
6   and Court Reporter.

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# DEPOSITION OF ALLYN POWELL

## October 26, 2018

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1 THE VIDEOGRAPHER: This is the  
2 videotaped deposition of Allyn Powell, taken by  
3 the defendant, in the matter of Richard Lightsey,  
4 et al., versus South Carolina Electric & Gas  
5 Company, et al., filed in the Court of Common  
6 Pleas, State of South Carolina, Hampton County.  
7 Case Number is 2017-cp-25-00335.

8 This deposition is being held at  
9 the law firm of Haynsworth Sinkler Boyd,  
10 1201 Main Street, the 24th Floor, in Columbia,  
11 South Carolina, on Friday, October 26, 2018.

12 My name is Michael Arrison, your  
13 videographer; the court reporter is Rebecca  
14 Arrison; and we are here with CSI Global  
15 Deposition Services.

16 Going on the record at 9:15 a.m.  
17 Counsel will now state their appearances for the  
18 record.

19 MR. KEEL: Brandon Keel of King &  
20 Spalding, on behalf of SCE&G and SCANA.

21 MR. CHALLY: Jon Chally, also of  
22 King & Spalding, on behalf of SCANA and SCE&G.

23 MS. MOODY: Leah Moody, on behalf  
24 of SCANA and SCE&G.

25 MR. WILLIAMS: Blake Williams of

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1 Nelson Mullins for South Carolina Public Service  
2 Authority.

3 MR. BELL: Kevin Bell on behalf of  
4 Central Electric Power Cooperative.

5 MR. PATTERSON: Tim Patterson with  
6 McGuire Woods on behalf of Dominion Energy.

7 MS. FICKLING: Jessica Fickling  
8 with the Strom Law Firm on behalf of the customer  
9 plaintiffs.

10 MR. KOLB: Wade Kolb from the  
11 Wyche Law Firm on behalf of the Office of  
12 Regulatory Staff.

13 MR. HAMM: Steve Hamm with the  
14 Office of Regulatory Staff.

15 THE VIDEOGRAPHER: Counsel on the  
16 phone?

17 MR. SOLOMONS: Gibson Solomons,  
18 Customer Class.

19 THE VIDEOGRAPHER: The court  
20 reporter will now swear in the witness.

21 - - -

22 ALLYN POWELL,  
23 being first duly sworn, testified as follows:

24 - - -

25

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1 EXAMINATION

2 BY MR. KEEL:

3 Q. Please state your name for the record.

4 A. My name is Allyn Powell.

5 Q. And, Ms. Powell, my name is Brandon Keel.

6 We met just prior to your deposition, but I represent  
7 SCE&G and SCANA in connection with these proceedings.

8 Have you ever given a deposition before?

9 A. No.

10 Q. So let's go over a few ground rules. I will  
11 be asking you a series of questions today about your  
12 background, about the circumstances giving rise to  
13 these proceedings.

14 We have a court reporter here today. She's  
15 going to take down all of my questions and all of  
16 your responses. Okay?

17 A. (Witness nodded head.)

18 Q. Yes?

19 A. Yes.

20 Q. And because she's taking down everything,  
21 all of your answers have to be oral, so you can't --  
22 no nods of the head or uh-huh or huh-uh, things of  
23 that nature.

24 A. I understand.

25 Q. Also, she can only take down one of us at a

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1       time. Even though you may know where I'm going with  
2       some of my questions, if you could please just wait  
3       until I've finished completely before you give your  
4       answer, and I will try to wait until you finish your  
5       answer before I ask another question. Okay?

6           A.     Okay.

7           Q.     And if you need to take a break at any  
8       moment, just let us know, we're happy to do that.

9           A.     Thank you.

10          Q.     Are you currently taking any medications  
11       that impact your memory?

12          A.     No.

13          Q.     Is there anything you're aware of that would  
14       prevent you from giving true and complete testimony  
15       here today?

16          A.     No.

17          Q.     What did you do to prepare for your  
18       deposition?

19          A.     I briefly looked over my testimony from  
20       2016-223-E, and I met with my attorneys.

21          Q.     How many times did you meet with your  
22       counsel?

23          A.     Once.

24          Q.     And for how long did you meet?

25          A.     Hour and a half, two hours.

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1           **Q.     When did you meet?**

2           A.     Yesterday.

3           **Q.     Did you review any other documents aside**  
4 **from your testimony in the 2016 proceeding?**

5           A.     No.

6           **Q.     Throughout your testimony here today, I am**  
7 **going to be using the term "project" to refer to the**  
8 **effort to build Units 2 and 3. V.C. Summer Nuclear**  
9 **Station.   Okay?**

10          A.     Okay.

11          **Q.     When I use that term, you will understand**  
12 **that's what I'm referring to?**

13          A.     Yes.

14          **Q.     Where are you currently employed?**

15          A.     I work for the Office of Revenue and Fiscal  
16 Affairs for the state.

17          **Q.     What is your position?**

18          A.     I'm the director of budget development.

19          **Q.     What are your responsibilities in that role?**

20          A.     I coordinate the budget process, so when the  
21 legislature decides what they want to do with the  
22 budget and what they want to fund, our office takes  
23 that and turns it into a document you can run the  
24 state off of. We also do fiscal impact statements.

25          **Q.     For how long have you been in that position?**

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1           A.     Almost a year.

2           **Q.     Have you had the same responsibilities over**  
3           **that time period?**

4           A.     When I started, I was primarily doing fiscal  
5           impact statements and working with K through 12  
6           education budget.

7           **Q.     And where were you prior to accepting your**  
8           **current position?**

9           A.     I was at ORS.

10          **Q.     When did you first join ORS?**

11          A.     I was with ORS from 2011 to 2013, and then  
12          late October of 2015 through October of 2017.

13          **Q.     Okay.   So let's start when you first joined**  
14          **ORS in 2011.**

15          A.     Yes.

16          **Q.     What was your position at that time?**

17          A.     I was an associate program manager.

18          **Q.     And what were your responsibilities as an**  
19          **associate program manager at ORS in 2011?**

20          A.     I worked with the nuclear case, I assisted  
21          Anthony with document review and with pulling  
22          together quarterly reports. I also worked on demand  
23          side management energy efficiency, I was responsible  
24          for the review of all cases related to demand side  
25          management energy efficiency programs. I also helped

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1 with general rate cases for all utilities. The big  
2 rate case at that time we had going on was Duke.

3 Q. And for how long were you the associate  
4 program manager at the ORS?

5 A. About two years.

6 Q. Were your responsibilities roughly the same  
7 during that two-year period?

8 A. Yes, yes.

9 Q. And you said that you worked with the  
10 nuclear case; is that referred to as the V.C. Summer  
11 project?

12 A. Yes.

13 Q. And when you say you worked with Anthony on  
14 the nuclear project, are you referring to Anthony  
15 James?

16 A. Yes.

17 Q. And what was Anthony James' role when you  
18 joined ORS in 2011?

19 A. I can't remember if he was the manager or if  
20 he was already the deputy director of the division at  
21 that time. He might have -- I think he was program  
22 manager when I started and then he was promoted to  
23 deputy director at some point during that two years,  
24 I don't exactly remember.

25 Q. And what was Mr. James' responsibilities

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1       **with respect to the nuclear project at that time when**  
2       **you joined ORS?**

3           A.     Before I had joined or after I joined?

4           **Q.     When you joined.**

5           A.     So Anthony, when I joined, Anthony was in  
6       charge of coordinating the monthly reviews for V.C.  
7       Summer. I started out helping him and going to the  
8       site doing site visits. Anthony, at times, visited  
9       the site less, since I was in charge of coordinating  
10      the quarterly reports.

11          **Q.     Now, did you report to Mr. James?**

12          A.     Yes.

13          **Q.     And you also mentioned that when you were**  
14      **associate program manager for ORS, you were involved**  
15      **with reviewing documents in connection with the**  
16      **nuclear project.**

17          A.     Yes.

18          **Q.     What documents would you be reviewing in**  
19      **that initial time period when you joined ORS in 2011?**

20          A.     We had documents available out at the site.  
21       There were all sorts of documents; we had binders, A  
22       through O. There were -- there would be monthly  
23       project meeting notes, there would be documentation  
24       related to the BLRA milestone schedule compliance,  
25       all sorts of documents.

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1           **Q.    At that time, were the documents that you**  
2           **were reviewing in connection with the project limited**  
3           **to those materials that were made available at the**  
4           **site?**

5           A.    Yes, primarily.  Occasionally -- we had a  
6           case during that time, and I think there was some  
7           Interrogatories, and I would review those as well.

8           **Q.    And so the documents made available at the**  
9           **site, were they always in hard copy binders?**

10          A.    There was also an electronic document room.

11          **Q.    Okay.**

12          A.    I can't remember when exactly that started.  
13          I think that started right around the time I started.  
14          We didn't regularly review electronic documents  
15          off-site.

16          **Q.    Was it your understanding that the same**  
17          **materials that you had in hard copy were made**  
18          **available in the E-room?**

19          A.    Yes.

20          **Q.    And was there -- were there additional**  
21          **materials made available in the E-room that you did**  
22          **not have in hard copy?**

23          A.    I don't -- I feel like they all would have  
24          had a hard copy somewhere.  I do remember one or two  
25          occasions someone saying they would put that in the

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1 E-room for Gary to look at.

2 Q. Spreadsheets, there is things of that nature  
3 that maybe wouldn't print out that would be available  
4 in the E-room?

5 A. It would have been unusual.

6 Q. And when you first joined ORS in that period  
7 2011 to 2013, associate program manager, was the  
8 primary purpose of you reviewing of these materials  
9 to help prepare the ORS's quarterly reports?

10 A. Yes.

11 Q. Were you reviewing these materials for any  
12 other purpose during that 2011, 2013 time period?

13 A. For the quarterly reports and when we had a  
14 case in 2012.

15 Q. So during the course of the project, SCE&G,  
16 at times, would file petitions with the PSC for  
17 updated rates or schedules or costs, right?

18 A. Uh-huh, yes.

19 Q. And part of your responsibilities at the ORS  
20 would include helping to evaluate those petitions and  
21 determine whether the ORS would support them?

22 A. Yes.

23 Q. And so when SCE&G would file a petition  
24 during the project, would you typically review the  
25 petition itself, and testimony, things of that nature

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1       that the company would file in support of its  
2       petition?

3             A.     Yes.

4             Q.     Were you involved in actually drafting the  
5       ORS's quarterly reports in that 2011, 2013 time  
6       period?

7             A.     Yes.

8             Q.     Was anybody involved in drafting those  
9       materials with you?

10            A.     Anthony would assist me by reviewing them.  
11       Gene occasionally helped. It just -- it depended on  
12       the workload. I think that Michael may have helped  
13       once or twice. And I don't recall anybody else. I  
14       don't recall anybody else.

15            Q.     Who is Michael?

16            A.     Seaman-Huyn, Michael S-E-A-M-A-N dash  
17       H-U-Y-N.

18            Q.     So focusing first on this time period when  
19       you were associate program manager in 2011 to 2013,  
20       could you describe for me what the structure of the  
21       ORS team was that was involved in the project?

22            A.     Yeah, sure. So we worked in the electric  
23       department. Anthony was over -- Anthony was -- well,  
24       at the end, Anthony was the deputy director. Anthony  
25       was my direct supervisor, so he oversaw NND

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1 activities.

2 We had several other employees in the  
3 department. Gene Soult was working on the energy  
4 assurance plan. He, at some point during that time  
5 frame, shifted over to working with nuclear and  
6 assisted us with document reviews. And Gary Jones  
7 was our consultant. I think Gary started on the  
8 project about the same time that I did.

9 **Q. So we have got Anthony James, I understand**  
10 **was the supervisor of the ORS team monitoring the**  
11 **project?**

12 A. Uh-huh.

13 **Q. Yes?**

14 A. Yes.

15 **Q. And then assisting or reporting to Anthony**  
16 **was Gene Soult, yourself, and Gary Jones acting as a**  
17 **consultant for the ORS?**

18 A. Yes.

19 **Q. Was anybody else from the ORS involved in**  
20 **the activities to monitor the project during that**  
21 **2011 to 2013 time period?**

22 A. Michael Seaman-Huyn assisted us with the  
23 transmission items primarily. I can't say for sure  
24 he never did anything else, but I know he primarily  
25 did transmission.

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1           Q.    At that time, that 2011 to '13 time period,  
2           were there also auditing personnel from the ORS staff  
3           involved?

4           A.    Yes.

5           Q.    Who was involved from the auditing  
6           personnel?

7           A.    Jay was the director of the audit  
8           department, and then Henry was the primary auditor.  
9           I apologize, I can't remember Henry's last name at  
10          the moment. It will come to me.

11          Q.    What about Jay's last name?

12          A.    Jashinsky.

13          Q.    Could you spell that?

14          A.    J-A-S-H-I-N-S-K-Y.

15          Q.    Thank you.

16                Anybody else from the auditing personnel  
17           involved in the project other than Jay and Henry that  
18           you recall?

19          A.    Audits, like electric people would get  
20           pulled in occasionally, but I don't recall anybody  
21           else regularly working with Henry. No, that was  
22           later, so --

23          Q.    Okay. So let's move on then.

24                What was your next position with the ORS --  
25           or actually, excuse me. You mentioned that you left

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1       the ORS in 2013.

2           A.     I did.

3           Q.     And why did you leave the ORS at that time?

4           A.     I had an opportunity to become the director  
5 of capital budgeting for the state, and it was a good  
6 career move.

7           Q.     And you did that for approximately two  
8 years?

9           A.     I did.

10          Q.     And then you decided to return to the ORS in  
11 what month of 2015?

12          A.     October, the end of October.

13          Q.     And why did you decide to go back to the ORS  
14 at that point?

15          A.     Nanette and I had kept in touch. She  
16 mentioned that there was a vacancy, and we talked  
17 about it, and she wanted me back on her team  
18 specifically to help with the energy office.

19                 In 2015, there was a bill that restructured  
20 state government. I had previously worked at the  
21 energy office before I came to ORS the first time;  
22 that's how I met Dukes and Nanette. I had worked  
23 there on energy assurance, and also with the Eastern  
24 Interconnection States' Planning Council.

25                 So in 2015, the energy office was

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1       restructured into ORS by the legislature. And  
2       Nanette was looking for the -- the person in charge  
3       of it was planning to retire in a few years and  
4       Nanette was looking for someone to help with that.

5           **Q.     So when you rejoined the ORS in October of**  
6       **2015, what was your title?**

7           A.     Manager of nuclear programs.

8           **Q.     And did that remain your title until you**  
9       **left the ORS in 2017?**

10          A.     Yes, it did.

11          **Q.     And what were your responsibilities as the**  
12       **manager of nuclear program?**

13          A.     I coordinated Gene and Gary's activities. I  
14       coordinated Interrogatories in cases. I attended  
15       monthly meetings. I did some document review. I  
16       would say, at that point, that was primarily Gene and  
17       Gary, but I did some.

18                 I was also responsible for the radioactive  
19       waste disposal program for the state. That was  
20       another, like, separate job duty that's unrelated to  
21       V.C. Summer. I also assisted with a number of energy  
22       office projects. I worked on the state energy plan  
23       and, at one point, we were without a finance  
24       director, and a team of us kind of helped out at the  
25       agency until we found a new one.

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1           **Q.     From October of 2015 through the time that**  
2           **you left the ORS, what percentage of your time would**  
3           **you say was dedicated to the V.C. Summer project?**

4           A.     It depended on the -- it depended on the  
5           point in time. There were times when it was more,  
6           and there were times when it was less. Maybe an  
7           average would be around 50 percent, maybe a little  
8           less.

9           **Q.     And when you say that you coordinated Gene**  
10          **and Gary's activities with respect to the V.C. Summer**  
11          **project, what do you mean by that?**

12          A.     Well, Gene and I was responsible for -- the  
13          best way to explain this. So a lot of our activities  
14          had to take place on-site because we weren't allowed  
15          to have confidential information back at our office.  
16          And so I kind of served often as a liaison between  
17          the site and the office. I also -- you know, Gene  
18          would ask me, should I go attend this lift, and I  
19          would figure out whether we needed to do that  
20          activity or not.

21                 When we were -- when we had cases, I would  
22          assist with coming up with the questions for  
23          discovery and reviewing documents and, you know,  
24          figuring out, like, whose assignments were what in  
25          the case, like, you know, I'm -- you know, I'm on

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1 transmission in this case and, you know, Gene's on  
2 this site and then Gary's on that item.

3 **Q. Would Gary and Gene provide regular reports**  
4 **to you on their activities with respect to the V.C.**  
5 **Summer project?**

6 A. Gene and I talked regularly. Gary and I  
7 talked a few times a month.

8 **Q. Were there any sort of written summaries or**  
9 **work products that they put together for you to show**  
10 **you what they were doing with respect to the project?**

11 A. Not regularly.

12 **Q. On occasion, they would be?**

13 A. They would usually -- no -- well, I'm trying  
14 to think. I can't say that there was never anything.  
15 Nothing sticks out in my mind.

16 **Q. What about -- did you have --**

17 A. When we were -- when we were reviewing --  
18 let me think. Gene would often call and point things  
19 out. During, during a case -- during a proceeding,  
20 I'm sure there would have been some written  
21 documents, but that would have been in the context of  
22 reviewing a proceeding. I don't think it would have  
23 been like our regular reviews.

24 Gene's regular work product was the agenda  
25 for the monthly meeting. His process of putting

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1       together that agenda and Gary's process of putting  
2       together that agenda was typically when they talked  
3       to me about what they were doing with their reviews.

4           **Q.     And that's referring to a monthly meeting**  
5       **that ORS staff had with SCE&G personnel about the**  
6       **project; is that right?**

7           A.     Uh-huh, yes.

8           **Q.     And so part of Gene's responsibilities was**  
9       **to put that agenda together on a regular basis?**

10          A.     Yes.

11          **Q.     So if there were edits made to the agenda,**  
12       **he would be making them?**

13          A.     Yes.

14          **Q.     If things were removed from the agenda, Gene**  
15       **would be removing them?**

16          A.     Maybe. So the process -- and again, it was  
17       a complicated process because the agenda had  
18       confidential information on it that we were not  
19       allowed to retain. When I was at ORS the first time,  
20       the agendas were non-confidential, and those agendas  
21       we would have worked on at the office.

22                 But my understanding is that SCE&G requested  
23       agendas that were more comprehensive. It got to a  
24       point where they wanted to know what specific page  
25       and line number are you asking your question about.

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1 And so the only way to create that kind of agenda was  
2 to have confidential information embedded in the  
3 agenda. And so those agendas were produced on-site  
4 on SCE&G's media. The process was that Gene would  
5 produce the agenda on SCE&G's media, he would give it  
6 to an SCE&G employee, and then that agenda would be  
7 reviewed by Gene, Gary, and that employee, and they  
8 would print them out.

9 **Q. And did you understand the confidentiality**  
10 **obligations related to materials on the agenda was**  
11 **derived from the EPC agreement that the owners had**  
12 **with the consortium?**

13 A. We had a confidentiality agreement with  
14 SCE&G and with Westinghouse, Toshiba, I can't  
15 remember. There were lots of different names for  
16 them, but we had an agreement with the consortium and  
17 we had an agreement with SCE&G. And my understanding  
18 is it did derive from the confidentiality required by  
19 the EPC contract.

20 **Q. So throughout your time from October 2017**  
21 **through the end of the project, were you typically**  
22 **working out of the ORS's offices here as opposed to**  
23 **on-site?**

24 A. I was primarily here. I was on-site some,  
25 but I was here much more than I was on-site.

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1           **Q.     How often were you on-site?**

2           A.     I was on-site -- it just depended on the --  
3           what was going on with the project and the level of  
4           information we had to review. Sometimes it would be  
5           two or three days a month, sometimes it would be much  
6           more than that.

7           **Q.     And Gene would be on-site on a weekly basis?**

8           A.     Yes.

9           **Q.     How often, how many days a week would he**  
10          **regularly be on-site?**

11          A.     Two, two to three. Three, when we were in a  
12          time period where we had more data to review,  
13          sometimes four. He worked part-time.

14          **Q.     And what about Gary Jones when he would make**  
15          **his regular visits, would he work from the site?**

16          A.     Yes.

17          **Q.     And that was on a monthly basis; is that**  
18          **right?**

19          A.     Yes.

20          **Q.     Getting back to that agenda for the regular**  
21          **monthly meetings with SCE&G and the ORS.**

22                 So as a typical practice, that agenda was  
23          **created by Gene from the site; is that right?**

24          A.     Yes. I think that -- I don't know, I think  
25          that -- I shouldn't say. You would have to ask Gene

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1       that question.

2           **Q.     Were you involved in editing the agenda?**

3           A.     Gene would ask my opinion about things  
4       sometimes, but I didn't typically physical edit the  
5       agenda myself.

6           **Q.     As a typical process, were you seeking to**  
7       **put items on the agenda that ORS wanted to address**  
8       **with SCE&G on a monthly basis?**

9           A.     Yes.

10          **Q.     If you had open questions that you wanted**  
11       **answered, those were the type things you would put on**  
12       **the agenda for the next meeting?**

13          A.     Yes. The agendas were primarily driven by  
14       document review, so we would leave things on the  
15       agenda. I know that, at points, SCE&G would ask for  
16       things to be removed from the agenda because they  
17       thought that that question was old or outdated or  
18       didn't matter or wasn't relevant anymore.

19          **Q.     Do you recall any specific instances where**  
20       **SCE&G asked for an item to be removed from the**  
21       **agenda?**

22          A.     I can't tell you a specific one.

23          **Q.     And why did you leave the ORS in 2017?**

24          A.     Well, I didn't think that I could regulate  
25       effectively anymore. I didn't trust anything that --

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1 I didn't trust anything that SCE&G was saying, and as  
2 a regulator, you need to have a certain amount of  
3 objectivity, and I didn't have that anymore.

4 **Q. And why do you say that you felt that you**  
5 **could not trust SCE&G anymore?**

6 A. The revelations that happened regarding --  
7 in August and September of 2017.

8 **Q. And what revelations are you referring to?**

9 A. The Bechtel report.

10 **Q. Is there anything else other than the**  
11 **Bechtel report that led you to believe that you could**  
12 **no longer trust SCE&G?**

13 A. I think that I will say that was the primary  
14 item. It just -- that was the primary item.

15 **Q. Sitting here today, is there anything else**  
16 **that you can identify that caused you to believe that**  
17 **you could no longer trust SCE&G?**

18 A. I can't give you a specific item right now.  
19 I felt like -- I'm going to add to that.

20 So our review process depended on a certain  
21 amount of goodwill. If I don't know to ask for  
22 something, then I can't ask for it. And in the  
23 context of what happened with Bechtel and remembering  
24 how SCE&G had gotten about, well, what page and line  
25 number were you referring to for that question, we'll

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1 we need a page and line number and the agenda in  
2 order to be able to answer your question, I started  
3 to feel like I didn't know what else I was missing.

4 **Q. But you were, at least by October of 2015,**  
5 **you were aware from conversation with Gene Soult that**  
6 **Bechtel had conducted some work on the project,**  
7 **right?**

8 A. Bechtel has been on the project since 2009  
9 doing various things.

10 **Q. On October of 2015, Gene Soult came to you**  
11 **and he told you that during a plan-of-the-day**  
12 **meeting, someone from -- wearing a Bechtel hat**  
13 **stepped up or stood up and thanked people for their**  
14 **help on the assessment, made some comments about**  
15 **productivity and design, and he relayed that**  
16 **conversation to you in October of 2015, right?**

17 A. I recall Gene mentioning that he had seen  
18 Bechtel people on-site doing some work. I do not  
19 recall any statement about an assessment  
20 specifically.

21 (Exhibit No. 1 was marked for  
22 identification.)

23 **Q. Ms. Powell, I have just handed you what's**  
24 **been marked as Exhibit Number 1 to your deposition.**  
25 **Do you recognize this document?**

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1           A.     No.

2           Q.     So this is the ORS's Answers to the First  
3     Set of Request For Admission, Second Set of  
4     Interrogatories and Second Set of Request for  
5     Production of Documents, Amended, in connection with  
6     the PSC proceeding referenced at the top.

7                     Do you see that?

8           A.     Yes.

9           Q.     And if you could turn to page nine --

10          A.     Okay.

11          Q.     -- of that document, please. And you'll see  
12     in Interrogatory Number 1-1, page nine, the Request  
13     states, says, "State with specificity the date on  
14     which you first learned that Bechtel was conducting a  
15     review of the NND project."

16                     Do you see that?

17          A.     Yes.

18          Q.     And then after some objections, in the  
19     middle of the page, two sentences, the first one  
20     starts at, "At the NND," and it says, "At the NND/ORS  
21     monthly meeting on August 25th, 2015, Gene Soult was  
22     only informed that SCE&G's legal office was handling  
23     an external review, and at that time he did not know  
24     the identity of the external reviewer or any  
25     information about the scope of the review. On

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1       October 15th, 2015, Mr. Soult attended a  
2       plan-of-the-day meeting session in which an unknown  
3       individual made comments that indicated he had  
4       participated in an assessment of the project."

5               Do you see that?

6           A.     Yes.

7           Q.     And the next sentence says, "As the  
8       individual finished his statement, he and another  
9       unknown individual picked up hats which were labeled  
10      with Bechtel. This event made Mr. Soult think that  
11      Bechtel may have conducted some type of review of the  
12      project."

13               Do you see that?

14           A.     Yes.

15           Q.     And Mr. Soult relayed that his observations  
16      from that October 15, 2015 meeting to you in  
17      October 2015; did he not?

18           A.     I think that -- well, Gene definitely talked  
19      to me about seeing Bechtel on-site. It was probably  
20      the first week that I came back. I know he talked to  
21      me about seeing Bechtel on-site. My recollection is  
22      that we weren't really sure what Bechtel was doing or  
23      who Bechtel was working for. So Gary made up a  
24      question to try to draw out what Bechtel was doing.

25           Q.     But as of October 2015, you have no reason

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1       to dispute that, as it's reflected here, Gene Soult  
2       had an indication that Bechtel had conducted a review  
3       of the project, correct?

4           A.    I don't remember the word "assessment," and  
5       I don't specifically remember "review." I remember  
6       Gene said that there were Bechtel people on-site. I  
7       do remember Gene saying that one of them had spoken  
8       up in a plan-of-the-day meeting. I don't deny that  
9       Gene might have said it, but that's just not what I  
10      remember. I don't remember that.

11           Q.    Sitting here today, you don't have any  
12      reason to doubt that these statements that we have  
13      just read from the ORS's sworn Interrogatory  
14      responses are accurate; is that fair?

15                   MR. KOLB: Object to the form.

16                   THE WITNESS: Can you re-ask the  
17      question?

18      BY MR. KEEL:

19           Q.    Sure. Sitting here today, do you have any  
20      reason to believe that these sentences that we just  
21      read from ORS's sworn Interrogatory Responses are  
22      inaccurate?

23           A.    No.

24           Q.    And so you referenced --

25           A.    The only reason I have to believe that it is

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1       inaccurate is that -- is the way you characterized  
2       it.

3           **Q.     Well, you don't need to worry about my**  
4       **characterization. I'm asking you: The words, as**  
5       **they're written on this page, the three sentence that**  
6       **I just read to you, do you have any reason to**  
7       **believe, sitting here, that those statements are**  
8       **inaccurate?**

9           A.     Let me read them again, let me make sure.  
10           I don't remember Gene using the word  
11       specifically "assessment" of the project, but I don't  
12       think that Gene would not -- I mean, Gene would tell  
13       the truth, so I --

14           **Q.     You don't recall one way or the other?**

15           A.     Right.

16           **Q.     So as you mentioned just a minute ago, you**  
17       **had some communication following this plan-of-the-day**  
18       **meeting involving Gene Soult and Gary Jones about**  
19       **Bechtel; is that right?**

20           A.     What I remember is Gary and Gene talking to  
21       each other, and they said that we'll just put  
22       something on the agenda and try to see what's going  
23       on.

24           **Q.     But you were present for that communication,**  
25       **right?**

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1           A.    I don't know if I was present when they were  
2           making the plan to do it or if I was present at  
3           the -- or if that conversation happened at the  
4           monthly review meeting the day we were going over it.

5                    This would have been the very first monthly  
6           meeting where I was back --

7           **Q.    Okay.**

8           A.    -- on the project.  I wasn't -- I  
9           wasn't heavily -- I don't even -- I don't think I was  
10          involved in the creation of that agenda.  I wouldn't  
11          have reviewed any documents.  I wouldn't have known  
12          anything to put on an agenda.

13          **Q.    Fair enough.  Do you recall what day in**  
14          **October 2015 you came back to the ORS?**

15          A.    October, it was late October.  It was  
16          before -- I know it was before the CB&I announcement  
17          and before the October monthly meeting.  I'm sorry, I  
18          don't remember the specific day right now.

19          **Q.    Before the announcement of the EPC**  
20          **amendment?**

21          A.    Correct.  But it was not long.  I think I  
22          had been back a week at that point.

23          **Q.    Do you recall how much earlier you had come**  
24          **back to the ORS prior to that monthly meeting in**  
25          **October 2015?**

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1           A.    I said I think it was -- it was around a  
2 week, it might have been slightly more.

3           **Q.    And so the conversation about -- do you**  
4 **recall being present for a conversation with Gene**  
5 **Soult or Gary Jones about adding an item to the**  
6 **agenda for this October 2015 monthly meeting about**  
7 **Bechtel?**

8           A.    I think that I remember before the monthly  
9 meeting started them mentioning they were putting  
10 something -- they had put something about Bechtel on  
11 the agenda. I'm trying to remember a conversation  
12 from two years ago. I don't -- I think I just don't  
13 remember it well enough to -- I know there was a  
14 conversation about, well, we'll stick something on  
15 the agenda and we'll see what we find out, but I  
16 don't remember what it -- I don't -- I probably  
17 don't -- I think my answer probably is I don't know.

18          **Q.    The reason for putting that item on the**  
19 **agenda was because there was some indication that**  
20 **Bechtel was involved in something on the project and**  
21 **you wanted to find out what it was?**

22          A.    There were Bechtel people on-site talking in  
23 a -- well, as Gene just said here, talking and  
24 meeting. I should be careful because I don't want to  
25 mix my memory up with Gene's, based on what you just

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1       showed me.   Would you repeat the question?

2                       MR. KEEL:   Could you read that  
3       back, please.

4                       (The record was read as requested.)

5                       THE WITNESS:   We were interested  
6       in what Bechtel was doing.   I think -- I don't  
7       recall that conversation specifically.   I do  
8       recall Gene mentioning to me the Bechtel people  
9       were there.   I think I recall something, and me  
10      asking about it at the monthly meeting and -- but  
11      I don't recall specifically.

12                      (Exhibit No. 2 was marked for  
13                      identification.)

14   BY MR. KEEL:

15               Q.    Ms. Powell, I'm handing you what's been  
16    marked as Exhibit 2 for your deposition, which I will  
17    represent to you is an e-mail from October 22nd,  
18    2015, attaching the final October ORS agenda.

19                      Do you see that?

20               A.    Yes.

21               Q.    And if you flip to the agenda that's  
22    attached to this e-mail, this looks like the agenda  
23    that would have been prepared by ORS for that  
24    October 2015 meeting, right?

25               A.    Yes, that's typical.

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1           Q.    And if you turn to page five of the agenda.

2           A.    Yep.

3           Q.    Are you with me?

4           A.    Uh-huh.

5           Q.    Under item IV, d, it states, "Discuss the  
6           status of the Bechtel assessment and the top ten  
7           issues noted thus far."

8                   Do you see this?

9           A.    Yes.

10          Q.    Does that refresh your recollection that  
11          there was some indication at that time to ORS that  
12          Bechtel had conducted an assessment of the project?

13          A.    That's what's on the agenda.

14          Q.    But sitting here today, you don't have a  
15          recollection one way or the other whether there was a  
16          discussion amongst Gene or Gary about adding --

17          A.    I remember -- I remember a mention of  
18          Bechtel. I wasn't -- I don't -- my recollection is I  
19          wasn't involved in the creation of this agenda.

20          Q.    But your recollection is that this item  
21          discusses the status of the Bechtel assessment and  
22          the top ten issues noted thus far was added to the  
23          agenda by the ORS staff, correct?

24          A.    Yes.

25          Q.    Just as a reminder, we're starting to talk

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1       **over each other a little bit.**

2           A.     All right.

3                               MR. KOLB:   Just wait to let him  
4       finish.

5                               THE WITNESS:   I'm sorry.

6   BY MR. KEEL:

7           **Q.     And you were present for this October 2015**  
8       **monthly meeting, correct?**

9           A.     Yes.

10          **Q.     What do you recall being discussed about**  
11       **this item on the agenda, status of the Bechtel**  
12       **assessment, top ten issues noted thus far?**

13          A.     I can't remember exact wording from three  
14       years ago.  What I remember is, and I can't remember  
15       if this was October or if it was November or if it  
16       was December.  I remember at some point somebody  
17       saying they didn't have information on that, or there  
18       wasn't any information available on that or something  
19       to that effect.

20          **Q.     Did somebody ask a question during the**  
21       **October 2015 meeting about Bechtel?**

22          A.     I couldn't tell you.

23          **Q.     And you don't recall, sitting here today,**  
24       **what anybody said during this October 2015 meeting**  
25       **about Bechtel?**

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1           A.    No.  I know that at --

2           **Q.    Go ahead.**

3           A.    At one point I had reviewed -- this was --  
4           at one point I had reviewed some of Gene's notes.  I  
5           remember there was some things that had three or four  
6           words in it, but I don't remember what it was,  
7           because I was trying to figure out a timetable of  
8           what we knew about Bechtel or what was going on with  
9           Bechtel.

10          **Q.    Okay.**

11          A.    But I can't -- I can't specifically say that  
12          I remember any conversation or result or any question  
13          that anybody asked at that meeting.

14          **Q.    Since you had just gotten back a week before**  
15          **this meeting, is it fair to say that if somebody from**  
16          **the ORS staff was raising an issue about Bechtel**  
17          **during this meeting, it would have been Gene or Gary?**

18          A.    Yes.

19          **Q.    You wouldn't have been asking the questions**  
20          **about Bechtel?**

21          A.    No.

22          **Q.    It wouldn't have been your responsibility?**  
23          **Yes?**

24          A.    Yes.

25          **Q.    All right.  And sitting here today, do you**

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1       understand that the ORS removed this item agenda from  
2       the next monthly meeting for November of 2015?

3           A.     It's not on the -- I don't -- I don't recall  
4       from my review of the documents previously, and this  
5       happened over a year -- well, a year ago. I don't  
6       recall it being on the November agenda. I think I  
7       recall seeing something in October and December.

8           Q.     Okay.

9           A.     Who removed it or why they removed it, I  
10      couldn't tell you.

11          Q.     One other thing, as we're sitting here  
12      looking at this agenda, if you turn back to page two  
13      of the agenda.

14          A.     Uh-huh. Okay.

15          Q.     And I want to point out two items to you on  
16      page two and I have a question about them.

17          A.     Sure.

18          Q.     First, under b, i, there's an item that  
19      says, "Discuss the schedule and status of completion  
20      welding CA01 to the embedment plates. (Repeat from  
21      the September meeting)."

22                 Do you see that?

23          A.     Yes.

24          Q.     And then similarly, down at the bottom under  
25      j, i, "Shield Building, Discuss the status and

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1       **schedule of the NNI mitigation plan for accelerated**  
2       **delivery of the SP panels.       (Repeat from previous**  
3       **meeting) ."**

4               **Do you see that?**

5           A.     Yes.

6           **Q.     And it was typical for the ORS to include**  
7       **this sort of language when it had an open item --**

8                       MR. HAMM:   Object to the form.

9                       MR. KEEL:   Hold on, let me finish  
10       my question.

11   BY MR. KEEL:

12           **Q.     It was typical for the ORS to use language**  
13       **like this for the agenda when it had an open item**  
14       **that it wanted to discuss again at the subsequent**  
15       **meeting, correct?**

16                       MR. HAMM:   Object to the form.

17                       THE WITNESS:   I can't say that  
18       that was always our practice.   I know that  
19       sometimes SCE&G, after they got the agenda back,  
20       would add those notations so that their people  
21       knew which items were repeated and which items  
22       were not.

23   BY MR. KEEL:

24           **Q.     Was it -- it is fair to say that, as a**  
25       **matter of practice, if the ORS had an open item they**

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1       **wanted to discuss at the subsequent meeting, they**  
2       **would leave it on the agenda; is that fair?**

3           A.     If we thought that there would be some  
4       information at the next meeting, it would be on the  
5       agenda.

6           **Q.     If you wanted to discuss an item?**

7           A.     If we thought there would be some  
8       information in three months or six months or some  
9       other time period, it wouldn't just live on an agenda  
10      forever.

11          **Q.     But at some point, if you had an open item**  
12      **you wanted to discuss with SCE&G that had not been**  
13      **addressed, you would put it on the agenda?**

14          A.     Yes.   We would put it on the agenda or we  
15      might ask them about it in a meeting.

16          **Q.     Sitting here today, do you have any**  
17      **recollection of any discussion about Bechtel from**  
18      **October 2015 through abandonment of the project?**

19          A.     That's a long period of time.   I'm thinking.  
20      Can you clarify the question?   Are you asking about  
21      discussions with Gary and Gene or --

22          **Q.     I'm asking about any discussions with**  
23      **anybody, from October 2015 through abandonment of the**  
24      **project, do you have any recollection of being**  
25      **present for any discussions, communications, where**

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1       **the word Bechtel was mentioned?**

2                   MR. KOLB: Object to the form.

3                   THE WITNESS: Yes.

4 BY MR. KEEL:

5           **Q. And when did those communications occur?**

6           A. So a number of things I can't put a date on.  
7 I can -- I can remember a conversation or an item,  
8 but I can't remember where it lives in time.

9           **Q. Okay.**

10          A. So I remember that -- I remember Gene  
11 discussing Bechtel, or that the Bechtel people were  
12 doing something, we weren't sure what they were  
13 doing. I remember -- I think I remember Gary and  
14 Gene following up on this item in December. And I  
15 think that I remember it was the same sort of, like,  
16 you know, hey, did anything ever happen with Bechtel  
17 or with, you know, that thing that we were talking  
18 about or -- I don't remember the form of the  
19 question. I remember that there was no, no result  
20 from that.

21               I remember that, as we were creating  
22 Interrogatories for next year in the case, we didn't  
23 really know -- I remember that we asked for  
24 engineering reports and assessments and things like  
25 that. I think that -- at least I didn't know exactly

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1       what -- I had a limited understanding -- well, based  
2       on what I know now, I had very limited understanding  
3       of what Bechtel might be doing.

4               I know that -- I remember any discussions  
5       about Bechtel with anybody? I remember telling  
6       someone that I thought that Bechtel must have been  
7       doing some, some kind of work related to, you know,  
8       their -- I know they've had engineers for years.  
9       After it came out that the project was -- CB&I was  
10      being released, I was wondering if Bechtel was being  
11      auditioned to see if they would take over the  
12      project. I remember I speculated that. I  
13      remember -- I don't remember who that conversation  
14      was with. I remember -- but it could also have been  
15      any other kind of engineering work they were doing.

16             Bechtel, honestly, was just not that  
17      important to me. Like, I did not, like, in the level  
18      of problems associated with the project, anything  
19      related to Bechtel was of very low significance to me  
20      at that time. I remember thinking that, well, all of  
21      these reports that we have been asking for, we put  
22      out a set of Interrogatories, and it should have  
23      covered anything that we knew about or anything that  
24      we didn't know about.

25             I was very -- I mean, I remember -- I

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1       remember there was a later point where Dukes asked me  
2       about, do you know anything about Bechtel or what's  
3       going on or have you heard anything about Bechtel. I  
4       can't remember the exact wording of the question, but  
5       Dukes definitely asked me something related to  
6       Bechtel and what Bechtel was. And I think my  
7       response to Dukes was, Bechtel's doing lots of things  
8       in the project, I'm not quite sure what you -- what  
9       you're asking about but we'll ask the question.

10               And I remember mentioning that to Gary. I  
11       remember Gary asking a question at a meeting,  
12       whatever happened with Bechtel. And I remember at  
13       some point, Alan Torres saying that Bechtel told him  
14       he should talk more in meetings.

15               I believe there was a response to Gary's  
16       question, and I believe the response was in the  
17       negative. I think -- I wish I could remember  
18       exactly, I wish I could remember the exact words.

19               **Q.     So, now, is that everything that you recall,**  
20       **sitting here today, every communication you may have**  
21       **been present for related to Bechtel from October 2015**  
22       **through abandonment?**

23               A.     I think that at one point, I think that at  
24       one point -- you said being present for?

25               **Q.     Any communication you are aware of.**

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1           A.    I think that at one point we discussed  
2 something related to Bechtel with Mike Couick.

3           **Q.    Anything else that you recall?**

4           A.    October, November, some other point in time,  
5 that Alan -- I think that that's all I recall.

6           **Q.    So let's walk through those a little bit,**  
7 **just make sure I understand it.**

8           A.    Okay.

9           **Q.    The first thing you mentioned was a**  
10 **conversation with Gene where he relayed what he**  
11 **observed at that plan-of-the-day meeting, right?**

12          A.    Uh-huh.

13          **Q.    Yes?**

14          A.    Yes.

15          **Q.    And we have already discussed what you**  
16 **recall about that conversation, correct?**

17          A.    Yes.

18          **Q.    And then we have this October agenda for the**  
19 **meeting between ORS and SCE&G, right?**

20          A.    Yes.

21          **Q.    And as reflected in that agenda, at least**  
22 **somebody within the ORS staff, as of October 2015,**  
23 **had an indication that Bechtel had conducted an**  
24 **assessment on the project, as it states on the**  
25 **agenda.**

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1           A.    I can't tell you why the question was worded  
2           the way it was.

3           Q.    And then you mentioned you recall a  
4           follow-up conversation that Gary or Gene, that you  
5           believe was in December of 2015; is that right?

6           A.    Uh-huh.

7           Q.    Yes?

8           A.    Yes.

9           Q.    And what do you recall about that  
10          conversation; what was asked, what was the response?

11          A.    All, all I remember, and this is partly  
12          prompted by -- I just -- all I remember is that  
13          someone, I can't remember if it was Gene or if it was  
14          Gary, basically said, is there, you know, is there --  
15          did anything ever, like, come out of that or  
16          something to that effect. Did anything ever come out  
17          of what Bechtel was -- what Bechtel, or something to  
18          that effect.

19          Q.    And who do you recall Gary posing that  
20          question to?

21          A.    Skip.

22          Q.    And was this during a monthly meeting?

23          A.    Yes.

24          Q.    Who else was present during that meeting,  
25          that you recall?

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1           A.     It would have been Gary and Gene and --  
2           which of the NND folks present is -- Shirley was  
3           probably there. I can't -- I can't tell you  
4           specifically who else was in the room.

5           **Q.     And what did Skip say in response to Gary's**  
6           **question?**

7           A.     I don't remember exactly. I remember it was  
8           a negative response. It wasn't an, oh, there is  
9           information response.

10          **Q.     Do you remember any specific words that he**  
11          **said, that Skip said in response to Gary's question?**

12          A.     I don't recall that.

13          **Q.     And then you mentioned --**

14          A.     That memory is mostly prompted by an entry  
15          from Gene's notes from December of 2015 that I  
16          reviewed in late 2017. There was a notation, I do  
17          remember there was a mention of Bechtel; I can't  
18          remember what the exact conversation was.

19          **Q.     And you're referring to review you conducted**  
20          **in connection with preparing to provide testimony for**  
21          **South Carolina Senate or House?**

22          A.     I can't remember if it was before or after  
23          that.

24          **Q.     So is that communication from December of**  
25          **2015, was that something that you actually were**

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1       **present for and have personal knowledge of, or is it**  
2       **something that you're just getting from Gary's notes?**

3           A.     It was Gene's notes, not Gary's notes.

4           **Q.     I'm sorry, Gene's notes.**

5           A.     I'm not 100 percent sure. As I mentioned,  
6     I -- I'm not 100 percent sure. I think that -- I  
7     don't have a personal memory of that. I think that  
8     my memory is from the notes. I would not have  
9     remembered it had I not gone back and looked at  
10    Gene's notes.

11          **Q.     Do you know where those notes are, by**  
12       **chance?**

13          A.     Last time I saw them, they were out at the  
14       site.

15          **Q.     Did he have a notebook that maintained all**  
16       **of his notes about the project?**

17          A.     These were on a little flippy pad, a steno  
18       book.

19          **Q.     And what did you do with those notes after**  
20       **you reviewed them?**

21          A.     I left them where they were. We were not  
22       allowed to take confidential information back to the  
23       office. I took a specific trip out on to the site to  
24       look at them.

25          **Q.     And what prompted you to think that you**

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1       **should go look at Gene's notes in 2017?**

2           A.     It was after, it was after the Bechtel  
3     report was posted in the Post & Courier, and we  
4     remembered that -- I remembered that Gene had said  
5     something about Bechtel the first week I was back,  
6     and I wanted to go try to see what, what was going on  
7     because it just seemed unreal.

8           **Q.     Okay.**

9           A.     I think that at some point later, our legal  
10    staff asked me to --

11          **Q.     Hold on.**

12          A.     Okay.

13          **Q.     I don't want to know what your lawyers asked**  
14    **you to do.**

15          A.     Okay.

16          **Q.     So when I ask you about communications that**  
17    **you have had about Bechtel, only tell me**  
18    **communications you have had with people other than**  
19    **just your lawyers.**

20          A.     Okay.

21          **Q.     Okay.**

22                       MR. KOLB:   Thanks for that  
23     clarification.   I was getting ready to make it  
24     myself.

25

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1 BY MR. KEEL:

2 Q. So set aside the lawyer conversation.

3 The third thing you mentioned was, in the  
4 process of preparing Interrogatories for the next  
5 petition, which I assume you're referring to the 2016  
6 petition; is that right?

7 A. Uh-huh.

8 Q. Yes?

9 A. Yes. Well, no, this was a different set of  
10 Interrogatories. We had issued a set of  
11 Interrogatories -- well, this was in 2015, or 2016,  
12 in the beginning, we had issued a set of  
13 Interrogatories that were specific to this whole,  
14 like, CB&I leaving issue that were separate from the  
15 case.

16 Q. And you mentioned, I believe, that in those  
17 Interrogatories you asked for engineering reports and  
18 assessments and things of that nature; is that right?

19 A. Uh-huh, yeah.

20 Q. And you never issued an Interrogatory or a  
21 Request for Information, written Request for  
22 Information, to SCE&G specifically asking for  
23 anything about Bechtel, correct?

24 A. Correct.

25 Q. So this conversation, these communications

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1       you're talking about with respect to these  
2       Interrogatories in 2015 or 2016, were those  
3       communications specifically about Bechtel, or  
4       engineering assessments broadly?

5           A.     Well, engineering assessments broadly. But  
6       you told me now not to -- I mean, some of those  
7       questions were -- involved our legal staff, so now I  
8       don't know about how I should answer your question.

9           Q.     Fair enough.

10           My initial question was to relay any  
11       communication you recall or you're aware of that  
12       mentioned Bechtel from October 2015 through the  
13       assessment, right?

14           A.     Uh-huh, yes.

15           Q.     And then we walked -- you walked through a  
16       number of things. And the third thing you mentioned  
17       was this Interrogatory process in 2015, 2016, where  
18       you recall asking for engineering reports and  
19       assessments, but none of those requests specifically  
20       asked or used the term Bechtel, right?

21           A.     No, I don't believe so.

22           Q.     So the answer is yes, that's correct?

23           A.     Yes.

24           Q.     So what is it about the communications with  
25       respect to those Interrogatories -- or strike that.

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1                   **Were there any communications with respect**  
2                   **to those Interrogatories in which the word Bechtel**  
3                   **was used?**

4           A.     I think that there were a lot of outstanding  
5           items, and we figured that was a blanket question  
6           that should cover anything that was going on.

7           **Q.     Okay.**

8           A.     I -- yeah.

9           **Q.     Sitting here today, do you have any specific**  
10           **recollection of any communication in connection with**  
11           **those Interrogatories where the word Bechtel was**  
12           **used?**

13          A.     I remember talking about outstanding items  
14          and that the request should cover any outstanding  
15          items. I can't remember if I specifically used the  
16          word Bechtel or not.

17          **Q.     The fourth thing that you mentioned, I**  
18          **believe, was you recall telling someone that you**  
19          **thought Bechtel must have been auditioning to replace**  
20          **CB&I, something to that effect; is that right?**

21          A.     Uh-huh. Or do work for CB&I or something  
22          like that.

23          **Q.     When do you recall that communication**  
24          **occurring, roughly?**

25          A.     That was probably right after the -- right

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1       after the news came out about CB&I, I mean the CB&I  
2       exiting the partnership, the consortium.

3           **Q.     Okay.**

4           A.     Because Gene had mentioned that those  
5       Bechtel people were -- there were some Bechtel people  
6       on-site, and then I think that my impression, based  
7       on what I had heard from Gene, is that there were  
8       some sort of -- they were part of some sort of -- I  
9       thought that it was somehow related to somebody  
10      wanted them to do work on the site, like, somebody  
11      wanted them to be their engineer or to do more  
12      engineering work for them or to step in as a builder  
13      or something like that, or that they were yet another  
14      one of the project's constant efforts to improve  
15      themselves.

16          **Q.     Do you recall who this communication was**  
17      **with?**

18          A.     I don't remember.

19          **Q.     Would it have been with somebody from ORS?**

20          A.     Sure.

21          **Q.     Now, do you recall that the announcement**  
22      **about CB&I leaving the project also indicated that**  
23      **Fluor was going to come in as the new project**  
24      **contractor?**

25          A.     Yes.

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1           Q.     So were you speculating that Bechtel must  
2     have been auditioning but not -- didn't get the job?

3           A.     Yes.

4           Q.     The fifth thing you mentioned, was it your  
5     understanding that Santee wanted Bechtel to come in  
6     to the project?

7           A.     No.

8           Q.     Did you have any -- scratch that. Go ahead.

9           A.     No.

10          Q.     The fifth item you mentioned was that you  
11     said you had a conversation with Dukes Scott where he  
12     had asked you about Bechtel, right?

13          A.     Uh-huh.

14          Q.     Yes?

15          A.     Yes. Sorry.

16          Q.     When did that conversation occur?

17          A.     It was not in 2015, and I don't -- I don't  
18     remember the date.

19          Q.     But it was sometime prior to the abandonment  
20     of the project?

21          A.     Yes.

22          Q.     And what was the context of that  
23     conversation you had with Dukes Scott?

24          A.     He asked me if I knew, you know, what -- or  
25     something to the lines of what, you know, do you know

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1       about any work Bechtel is doing on the site, do you  
2       know about any, you know, what Bechtel is -- he asked  
3       me about Bechtel. That's the most, that's the most  
4       specific I can get.

5           **Q.     Was it -- was that the only thing he asked**  
6       **you about or was there communication with a broader**  
7       **meaning?**

8           A.     I think that it was prompted by a question  
9       that Dukes got from Mike Couick.

10          **Q.     Do you know what question Dukes received**  
11       **from Mike Couick?**

12          A.     I don't.

13          **Q.     So did Dukes call you and ask you**  
14       **specifically the one item, you know, what do you know**  
15       **about Bechtel?**

16          A.     Yes.

17          **Q.     And what did you say to Dukes in response?**

18          A.     What my understanding was.

19          **Q.     And what was your understanding as of that**  
20       **time?**

21          A.     That I knew that Bechtel was on-site doing  
22       engineering work, had periodically been doing lots of  
23       different kinds of work throughout the project. I  
24       mentioned that we would ask a question to SCE&G.

25          **Q.     Did you tell Dukes that Gene Soult had an**

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1       indication as of October 2015 that Bechtel had  
2       conducted some sort of assessment of the project?

3           A.     I think that I told Dukes that Gene had  
4       mentioned seeing some Bechtel people on-site. But  
5       that's my recollection and my conversation with Gene.

6           Q.     Did you tell Dukes that the ORS had added an  
7       item to the October 2015 --

8           A.     No, I didn't remember that at that time.

9           Q.     What was Dukes' response after you relayed  
10      this information about Bechtel to him?

11          A.     Something along the lines of, okay, thank  
12      you.

13          Q.     And then you said you would ask a question  
14      of SCE&G. Did you ask a question of SCE&G about  
15      Bechtel after that conversation with Dukes?

16          A.     I relayed -- I relayed it to Gary. I think  
17      Gary is the one that asked the follow-up question.

18          Q.     And were you present for any follow-up  
19      question that Gary had with Bechtel -- or with SCE&G  
20      about Bechtel after that conversation with Dukes?

21          A.     Yes.

22          Q.     Okay.

23          A.     I remember Gary asked a question.

24          Q.     And when did that communication occur?

25          A.     I wish I could tell you.

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1           **Q.     Sometime prior to abandonment of the**  
2 **project?**

3           A.     Yes.

4           **Q.     Sometime in 2016?**

5           A.     I can't tell you if it was '16 or '17. I  
6 think it was '16, but I'm not sure.

7           **Q.     And where did that communication occur?**

8           A.     I think that actually might have been later.  
9 That might have been in '17. I don't know. I can't  
10 place it in time.

11          **Q.     Where did this communication occur?**

12          A.     At a monthly meeting.

13          **Q.     And what did Gary ask in that monthly**  
14 **meeting?**

15          A.     I remember the very specific words, whatever  
16 happened with Bechtel.

17          **Q.     And whom did he ask that question to?**

18          A.     It was a general question at the meeting.

19          **Q.     And who was at the meeting?**

20          A.     Skip and Shirley, and I can't even -- I  
21 don't -- I don't remember who -- people would rotate  
22 in and out of the room throughout our monthly  
23 meetings, so I can't tell you exactly who was where.

24          **Q.     Was there any response to Gary's question?**

25          A.     The response was a negative response; that

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1       they didn't have anything; that I -- well, let me  
2       think about this. I think somebody said that they  
3       might have seen a slide that mentioned Bechtel. But  
4       I don't remember -- you have to remember, Bechtel was  
5       doing lots of things at the project at that time, so  
6       that would not have sounded unusual to me. It didn't  
7       sound like -- a slide doesn't sound like a -- a slide  
8       doesn't sound like anything. I mean, a slide that  
9       mentioned Bechtel engineering stuff wouldn't have  
10      been unusual.

11           **Q. But Gary was asking something specific,**  
12      **right? If Bechtel was doing a lot of things on the**  
13      **project, he wouldn't just ask a question, whatever**  
14      **happened with Bechtel.**

15                           MR. KOLB: Object to the form.

16      BY MR. KEEL:

17           **Q. Right? I mean, he was asking for something**  
18      **specific, whatever happened to the Bechtel**  
19      **assessment, right?**

20                           MR. KOLB: Object to the form.

21                           THE WITNESS: I'm telling you the  
22      wording that I remember.

23      BY MR. KEEL:

24           **Q. So did anybody say, what are you talking**  
25      **about, Bechtel's all over the project doing a lot of**

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1       **things?**

2           A.     No.

3           **Q.     Okay.**

4           A.     I don't remember that. That's not -- that's  
5     not -- I don't think so.

6           **Q.     But you said you had a very specific**  
7     **recollection about what Gary asked.**

8           A.     Yes.

9           **Q.     And what exactly did Gary ask?**

10          A.     I remember -- the words I specifically  
11     remember are, whatever happened with Bechtel. I'm  
12     sure there was some other communication aside from  
13     that. I remember those words very specifically. I  
14     remember -- I remember that.

15          **Q.     And your understanding was that he was**  
16     **referring to something specific, some sort of review**  
17     **or assessment, some work that Bechtel had done that**  
18     **was first raised in that October 2015 meeting; is**  
19     **that right?**

20                         MR. KOLB: Object to the form.

21                         THE WITNESS: Would you repeat the  
22     question? He was asking about what --

23     BY MR. KEEL:

24           **Q.     When he said the words, whatever happened**  
25     **with Bechtel --**

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1           A.     Uh-huh.

2           Q.     -- he was referring to something specific he  
3     wanted asked about work that Bechtel had conducted on  
4     the project, right?

5           A.     Right.

6           Q.     And it wasn't miscellaneous work that  
7     Bechtel had been doing on the project here and there,  
8     right? He was asking about something specific?

9           A.     Yes.

10          Q.     And what he was asking about is, whatever  
11     happened with the Bechtel review or assessment that  
12     would be told --

13          A.     I'm sure there --

14          Q.     Hold on, let me finish.

15                 -- was the item that was added to that  
16     October 2015 agenda, right? That's what he was  
17     asking about?

18                         MR. KOLB: Object to the form.

19                         THE WITNESS: I don't know how to  
20     answer your question because I'm -- I guess my  
21     understanding of the item from the agenda and  
22     yours is different.

23     BY MR. KEEL:

24          Q.     Well, the agenda says, "Discuss the status  
25     of the Bechtel assessment and the top ten issues

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1       **noted thus far," right?**

2           A.     Right.

3           **Q.     And then you're saying you recall a**  
4       **subsequent monthly meeting --**

5           A.     Yep.

6           **Q.     -- where Gary Jones asked the question,**  
7       **whatever happened with Bechtel --**

8           A.     Or about Bechtel or something -- it was,  
9       whatever happened with Bechtel, those were the words.  
10      I don't remember the rest of the conversation. I  
11      just -- that sentence sticks out in my mind.

12          **Q.     But it was your understanding at the time**  
13       **that he was asking about this same issue that was**  
14       **noted in the October 2015 monthly agenda, right?**

15                   MR. KOLB: Object to the form.

16                   THE WITNESS: Honestly, I had  
17       forgotten the item in that agenda for -- until I  
18       started going back and reviewing data in 2017.  
19       So I don't -- there could -- it's likely there is  
20       more to Gary's question. I'm just trying to --

21      BY MR. KEEL:

22          **Q.     At the time, did you have an understanding**  
23       **of what Gary was asking?**

24          A.     I understood that Dukes wanted us to ask  
25       them about what Bechtel was doing on the site, and my

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1 understanding is that Gary was doing that.

2 Q. But your understanding was that Bechtel had  
3 done a lot of different things on the project.

4 A. Yes.

5 Q. But Gary's question was for something  
6 specific that Bechtel had done.

7 A. Yeah, and I think there was more than that  
8 but I just -- like, that's just what sticks out in  
9 my, my mind.

10 Q. And you said that all that you recall from  
11 the response was that it was a negative response; is  
12 that right?

13 A. Yes.

14 Q. Do you recall any specific words that anyone  
15 said in response to Gary's question?

16 A. I think, as I previously -- I think -- I  
17 think somebody said something to the effect of, I  
18 might have seen a slide that mentioned Bechtel, or  
19 something like that. But I'm not -- that's all I  
20 know.

21 Q. Was there any other discussion during that  
22 meeting about that issue?

23 A. No.

24 Q. So you say that it was a negative response.  
25 Can you -- what do you mean by that? I mean, you

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1       don't mean that somebody specifically said the words  
2       "negative," right?

3           A.     No.

4           Q.     What do you mean by "negative response"?

5           A.     What I mean is that the response was to the  
6       effect -- I don't remember anything coming out of,  
7       like, I don't remember that there was a -- I have  
8       told you what you remember.

9           Q.     If you don't -- if you don't recall any  
10       words that anybody said other than, I think I saw  
11       Bechtel on a slide, how do you recall that the  
12       response was negative, is kind of what I'm asking?

13          A.     Well, I think -- I mean the -- my  
14       recollection is that -- well, Dukes seemed to be  
15       asking about something that was not just a slide, and  
16       it didn't sound like anything that they might be  
17       talking about was anything we were looking for or  
18       that Dukes was asking about.

19          Q.     You had -- your impression from the call  
20       that Dukes had with you was that he was looking for  
21       something more than a slide, right?

22          A.     Right.

23          Q.     He was asking for something specific that  
24       Bechtel had done on the project, right?

25          A.     Uh-huh.

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1           Q.    Yes?

2           A.    Yes.

3           Q.    And what was your understanding as to why  
4   Dukes called you and asked for you -- asked what you  
5   knew about something specific Bechtel had done on the  
6   project?

7           A.    I don't know.

8           Q.    How did you gain the understanding that you  
9   think it was prompted by a conversation he had with  
10   Mike Couick?

11          A.    Because Mike Couick asked about it later.

12          Q.    We'll get to that.

13                Did you have any other understanding as to  
14   why Dukes was calling you and asking you about  
15   something specific Bechtel had done on the project?

16          A.    No.

17          Q.    Did anybody ever tell you to refer to the  
18   response from that meeting as a negative response?

19          A.    No.

20          Q.    So the sixth thing you mentioned --

21          A.    Okay.

22          Q.    -- was something that Alan Torres said,  
23   Bechtel had recommended that he talk more during  
24   meetings.

25          A.    Yep.

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1           **Q.     When did that conversation occur?**

2           A.     I remember the statement, I don't remember  
3     the context.

4           **Q.     Was it during another monthly meeting?**

5           A.     Yes. I don't remember when, I just remember  
6     that statement.

7           **Q.     Did anybody have any response to Alan's**  
8     **statement?**

9           A.     I think that -- I remember snip-its of  
10    conversations. I'm sorry, I don't have a more  
11    specific memory.

12          **Q.     I am only asking what you recall.**

13          A.     Okay.

14          **Q.     Did you have any reaction to Torres' comment**  
15    **that Bechtel recommended he talk more during**  
16    **meetings?**

17          A.     I'm trying to replay the conversation in my  
18    head but I'm coming up blank.

19          **Q.     Were you ever present in any meetings in**  
20    **which both someone from Bechtel and Alan Torres was**  
21    **present?**

22          A.     Not to my knowledge.

23          **Q.     Do you recall wondering why Bechtel was**  
24    **telling Alan Torres he should talk more in meetings?**

25          A.     No. Well, a number -- I know that a number

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1 of entities -- I know that a number of entities that  
2 worked at the site were very frustrated with the  
3 project for various reasons, in particular with CB&I.  
4 I wouldn't have been -- I wouldn't have been  
5 surprised if somebody said, hey, you need to, you  
6 know, you need to speak up more, you need to do more.  
7 That would not have been a surprising -- that would  
8 not have been a surprising thing.

9 I think Gary and Gene had even been -- I  
10 know that was a point of observation for us that  
11 SCE&G attempted to limit risk by absenting themselves  
12 at times from the decision-making process. Towards  
13 the end of the project, they started to become a lot  
14 more involved.

15 Q. We'll talk about that later. I'm talking  
16 about this communication here.

17 Alan Torres is in a monthly meeting and says  
18 to you, or says to the meeting, Bechtel recommended  
19 that he talk more during meetings. You had never  
20 been in any meeting in which Bechtel was present and  
21 Alan Torres was, too. Do you recall wondering, I  
22 wonder why Bechtel was giving recommendations to Alan  
23 Torres?

24 A. Part of nuclear safety culture is, like, is,  
25 like, catching other, like, is helping each other

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1 and, like, being, like, good neighbors to each other.  
2 Like, one of the things that, like, Gary always told  
3 us is that if you are being a good, like, nuclear,  
4 like, if you have good nuclear safety culture,  
5 everybody is happy to raise thoughts or objections or  
6 things like that at any time. But that's part of  
7 good nuclear safety culture.

8 **Q. Were you aware of any meeting that Alan**  
9 **Torres ever had in which Bechtel was present?**

10 A. I recall him saying that -- I recall him  
11 saying he talked to Bechtel on several occasions. I  
12 don't --

13 **Q. And when do you recall Alan Torres saying**  
14 **that he talked to Bechtel on several occasions?**

15 A. Bechtel was all over the project. They were  
16 doing lots of engineering work, they were doing lots  
17 of things. We talked to Alan about his conversations  
18 with Bechtel, and I'm sure there's probably at least  
19 several mentions in agendas of what Bechtel was  
20 doing.

21 **Q. Now, this is something different from all**  
22 **the conversations you recalled about Bechtel that we**  
23 **went through earlier; are you recalling something new**  
24 **now?**

25 A. Well, Bechtel, like I said, Bechtel was a

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1 contractor on the project. I know that -- I know  
2 that they were mentioned at various points. I  
3 don't -- I don't know.

4 Q. The final thing -- we'll move on from that.  
5 The final thing you mentioned was a conversation, a  
6 communication you're aware of with Mike Couick about  
7 Bechtel.

8 A. Yes.

9 Q. Do you recall roughly when that  
10 communication occurred?

11 A. I don't remember the date.

12 Q. Do you recall what year it occurred?

13 A. It was 2016 or 2017.

14 Q. Was it an in-person communication?

15 A. Yes.

16 Q. Where did it occur?

17 A. At Mike's office.

18 Q. And why were you at Mike's office?

19 A. We talked to Mike regularly, especially  
20 after the settlement agreement.

21 Q. Was this part of the monthly meetings that  
22 ORS began having with ECSC?

23 A. I think -- I think this was -- sorry.

24 Q. Was this part -- as of December of 2015, my  
25 understanding is that ORS had regular meetings with

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1       **ECSC and Mike Couick; is that right?**

2           A.     Uh-huh.

3           **Q.     Yes?**

4           A.     I wouldn't say that they were every, every  
5     month, at least not at first.

6           **Q.     But they were regularly-occurring meetings**  
7     **from December 2015 through abandonment?**

8           A.     Yes.

9           **Q.     Yes?**

10          A.     Yes.

11          **Q.     And did this conversation that you mentioned**  
12     **about Bechtel at Mike's office occur in one of those**  
13     **regular meetings?**

14          A.     Yes.

15          **Q.     And what do you recall being discussed about**  
16     **Bechtel in that communication?**

17          A.     I remember -- I remember him asking if, you  
18     know, if Bechtel had done any kind of big -- I don't  
19     remember the exact words, but I think that Mike was  
20     asking, has Bechtel done any sort of, you know, what  
21     kind of work has Bechtel done for the project, has  
22     Bechtel done any sort of, like, big, you know, any  
23     sort of large-scale project.

24          **Q.     Was he asking if Bechtel had done any sort**  
25     **of review of the project?**

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1           A.     Well, I don't remember if the word "review"  
2     was specifically used.

3           **Q.     Did he ask if Bechtel had done any sort of**  
4     **assessment of the project?**

5           A.     I don't remember if the word was  
6     specifically used.

7           **Q.     Did he ask if Bechtel had done any sort of**  
8     **evaluation of the project?**

9           A.     I don't remember that word was specifically  
10    used.

11          **Q.     Do you recall him specifically using the**  
12    **words -- any particular words?**

13          A.     What I remember is that, what it sounded  
14    like he was looking for was a large scale -- was  
15    asking us if they had done any sort of a large-scale  
16    look at the project. I don't know -- and that's  
17    what -- I mean, I don't remember any specific words.

18          **Q.     Now, by the term "look" there, you're**  
19    **thinking some sort of independent review of the**  
20    **project, right?**

21          A.     I don't -- I wish I could remember the  
22    specific words.

23          **Q.     I mean, he wasn't asking if they were**  
24    **building the units, right?**

25          A.     No.

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1           **Q.    He knew they were not building the units,**  
2           **right?**

3           A.    Right.

4           **Q.    He was asking, did they do some sort of big**  
5           **evaluation of this project?**

6                               MR. KOLB:   Object to the form.

7   BY MR. KEEL:

8           **Q.    Is that fair?**

9           A.    I'm trying to remember that conversation.  I  
10          don't remember the details of that conversation.  I'm  
11          trying to remember.  If I remember anything, I will  
12          come back to it.

13          **Q.    Okay.  Please do.**

14                       **Was there any response to Mr. Couick's**  
15          **question?**

16          A.    Yes.

17          **Q.    And who responded?**

18          A.    I don't remember if it was Gary or I.

19          **Q.    And what was the response?**

20          A.    I think it was Gary, but I'm not 100 percent  
21          certain.  Our response was that it didn't, like,  
22          the -- we hadn't seen anything that sounded like what  
23          he was talking about.

24          **Q.    Okay.  Did --**

25          A.    Or that we hadn't seen anything that

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1       sounded -- that -- that we didn't -- I wish I could  
2       remember exactly.

3           **Q.     Do you recall any specific words that were**  
4       **used in the response?**

5           A.     I remember that the response was -- I  
6       remember the response was that there was -- that -- I  
7       think that I mentioned that. I can't remember.

8           **Q.     Did Gary or you tell Mike Couick during this**  
9       **conversation that ORS had an indication as of**  
10       **October 2015 that Bechtel had conducted an assessment**  
11       **of the project?**

12          A.     I would disagree with the characterization  
13       of at least what I knew in October of 2017.

14          **Q.     I'm simply asking: Did Gary or you tell**  
15       **Mike Couick that ORS had an indication that Bechtel**  
16       **had conducted an assessment as of October 2015?**

17          A.     I don't -- I don't recall saying that. I  
18       can't recall, I don't recall.

19          **Q.     Did you relay what Gene Soult had told you**  
20       **from that plan-of-the-day meeting to Mr. Couick in**  
21       **this meeting?**

22          A.     I told Dukes, but I can't remember what I  
23       told Mike.

24          **Q.     Do you remember anything else about the**  
25       **communication with Mike Couick about Bechtel?**

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1           A.     No.

2                         MR. KEEL:   Okay.   All right.

3           Let's take a break.

4                         THE VIDEOGRAPHER:   This marks the  
5           end of video number one in the deposition of  
6           Allyn Powell.   Off the record at 11:08 a.m.

7                         (A recess was taken.)

8                         THE VIDEOGRAPHER:   This is the  
9           continuation of the deposition of Ms. Allyn  
10          Powell.   This is video number two.   We're on the  
11          record at 11:24 a.m.

12       BY MR. KEEL:

13                 **Q.     Ms. Powell, are you ready to proceed?**

14                 A.     Yes.

15                 **Q.     At the time that you had this communication**  
16       **with Mike Couick about Bechtel, you knew who Mike**  
17       **Couick was, correct?**

18                 A.     Yes.

19                 **Q.     You knew that Mike Couick was a**  
20       **politically-connected guy in South Carolina, right?**

21                 A.     I knew he was the director of the Electric  
22       Cooperatives.

23                 **Q.     And you knew that he had previously served**  
24       **South Carolina, within the South Carolina Senate; is**  
25       **that right?**

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1           A.     Yes.

2           Q.     You knew that Mike Couick was close to your  
3     boss, Dukes Scott, right?

4           A.     I knew that they had worked together for a  
5     long time.

6           Q.     Do you know that they were friends?

7           A.     I would not say that I knew they were  
8     personal friends.

9           Q.     And Mike Couick, during this meeting, was  
10    asking you and Gary Jones what you knew about  
11    Bechtel?

12          A.     Uh-huh.

13          Q.     Right?

14          A.     Well, he was -- yes.

15          Q.     And you didn't tell Mike Couick that Gene  
16    Soult was aware, as of October 2015, that Bechtel had  
17    conducted an assessment on the project; is that  
18    right?

19          A.     I can't remember exactly what we told Mike  
20    at that meeting.

21          Q.     And you can't recall one way or the other  
22    whether you told Mike Couick that ORS had put on an  
23    agenda for a monthly meeting with SCE&G to discuss  
24    the status of the Bechtel assessment and the top ten  
25    findings from that assessment, correct?

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1           A.    I don't recall that. I don't -- I certainly  
2           don't recall that because I didn't -- I don't recall  
3           that. And number one, I don't think anything that we  
4           had said to him would have been that specific.  
5           Number two, I -- my understanding of what Gene had  
6           seen was not -- I think my understanding of what  
7           Bechtel was doing is very different than what it was,  
8           so I would not have made that statement, no.

9           **Q.    You didn't tell Mike Couick that Gary had**  
10          **followed up with requests of SCE&G about the status**  
11          **of the Bechtel assessment, right?**

12          A.    Oh, I think we did tell him that.

13          **Q.    You did tell him that?**

14          A.    (Witness nodded head.)

15          **Q.    And did you tell him that you had not**  
16          **received information about the Bechtel assessment?**

17          A.    I think we did tell him that.

18          **Q.    And what was Mike Couick's response?**

19          A.    I think he -- I don't recall that there was  
20          a verbal response.

21          **Q.    Do you recall a non-verbal response?**

22          A.    I remember him pushing back his chair from  
23          the table and I think he said, okay, but I can't  
24          remember that for sure.

25          **Q.    So you told Mike Couick that Gary Jones had**

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1       asked for information about the Bechtel assessment  
2       from SCE&G; is that what you're saying?

3           A.     I believe we did. I believe that we did.

4           Q.     And you told Mike Couick that you had not  
5       received information from SCE&G about the Bechtel  
6       assessment; is that right?

7           A.     Yes.

8           Q.     And was there any further discussion about  
9       Bechtel in that communication with Mike Couick?

10          A.     Not that I recall.

11          Q.     I just want to wrap up this Bechtel issue.  
12                 From what you have testified today, you  
13       would agree that from the time period of 2015 to  
14       2016, you knew that Bechtel had conducted some sort  
15       of work on the project, correct?

16          A.     I knew that Bechtel employees were working  
17       on the project.

18          Q.     And Gary Jones knew that Bechtel had done  
19       work on the project, correct?

20          A.     We knew that Bechtel employees were working  
21       on the project.

22          Q.     And Gene Soult knew that Bechtel had done  
23       work on the project, correct?

24          A.     Yes, we knew that Bechtel employees were  
25       doing work on the project.

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1           Q.    And Dukes Scott knew that Bechtel had done  
2 work on the project, correct?

3           A.    Yes.

4           Q.    And Mike Couick knew that Bechtel had done  
5 work on the project, right?

6           A.    Yes.

7           Q.    And the ORS lawyers knew that Bechtel had  
8 done work on the project?

9           A.    I can't recall a specific conversation. I  
10 think I have made myself clear that my understanding  
11 of what Bechtel was doing was drastically different  
12 from what was actually going on.

13          Q.    And Anthony James knew that Bechtel had done  
14 work on the project, right?

15          A.    I think that Gene -- I can't say what  
16 Anthony knew.

17                   MR. HAMM: Are you asking if they  
18 knew about it at the site? That's what it sounds  
19 like you're asking.

20                   MR. KEEL: What?

21                   MR. HAMM: Your question is very  
22 open-ended. I'm just asking: Are you talking  
23 about they knew they were working at the site,  
24 Bechtel.

25                   MR. KEEL: The question was what

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1           it said.

2                           MR. CHALLY: She answered that  
3           question.

4                           MR. KEEL: She's answered the  
5           question. If you have an objection, you can  
6           state it.

7 BY MR. KEEL:

8           **Q. All right. So we started this inquiry --**

9           A. Well, let me add to that. Like, as I  
10          previously mentioned, I was aware that Gene had  
11          mentioned he had seen Bechtel people on-site. My  
12          understanding of what was going on was drastically  
13          different from what was actually happening.

14          **Q. And you have mentioned that?**

15                          MR. KEEL: And, Counsel, there is  
16          no need for you to try to prompt your client --

17                          MR. HAMM: I wasn't trying to, and  
18          I apologize.

19 BY MR. KEEL:

20          **Q. So we started this discussion with your**  
21          **departure from ORS, right?**

22          A. Yes.

23          **Q. And you testified that you left ORS because**  
24          **you didn't think you could trust SCE&G anymore; is**  
25          **that correct?**

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1           A.    I didn't think I could objectively regulate  
2           anymore.

3           **Q.    And the only reason you have identified as**  
4           **to why you couldn't do that was because of the**  
5           **Bechtel assessment; is that right?**

6           A.    The Bechtel assessment and the questions in  
7           my mind that it raised.

8           **Q.    So what is it that you came to learn about**  
9           **the Bechtel assessment that you believe you didn't**  
10          **know during the project?**

11          A.    So are you asking me about the report that  
12          was in the Post -- that we downloaded from the Post &  
13          Courier website?

14          **Q.    I'm asking you what it is that you learned**  
15          **subsequently after abandonment that Bechtel had done**  
16          **for the project that you claim you didn't know during**  
17          **the project.**

18          A.    Well, there was that whole report that we  
19          downloaded from the Post & Courier website that had  
20          extensive reviews by Bechtel. I would say that many  
21          of the items in there were items that -- many of the  
22          items in there were items that we had previously  
23          raised. I would say that Bechtel's assessment of  
24          those items was of a much higher magnitude.

25                I think that if I had had the Bechtel

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1       report, I would have made some very different  
2       decisions. And then I started wondering about what  
3       other reports and information I didn't have. And I  
4       started remembering how they got so specific about,  
5       well, if you want to know about this, you have to  
6       give me the page and line number of that request or  
7       that question or the page and line number you're  
8       referring to when you ask that question. And I  
9       started to think that I just -- I just didn't trust  
10      anything else that they had said.

11           **Q.     Okay. Ms. Powell, is there anything, other**  
12      **than the Bechtel assessment, that you can stand here**  
13      **today and identify as a reason for why you couldn't**  
14      **trust SCE&G?**

15           A.     I have given you my reasons.

16           **Q.     Nothing other than what you have identified**  
17      **today, right?**

18           A.     (Witness nodded head.)

19           **Q.     And the only thing you have identified that**  
20      **you believe should have been provided to you and**  
21      **wasn't provided to you was the Bechtel report, right?**

22           A.     Yes.

23           **Q.     Okay.**

24           A.     I think that --

25           **Q.     That's the answer to the question.**

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1           A.     Well, hold on. I'm thinking. Around the  
2     time I was leaving, there was a lot of other data  
3     that was starting to come out. I'm sitting back and  
4     I'm thinking, I can recall at least one other item  
5     but I don't remember exactly what it was. I can  
6     recall at least one other item that was brought to my  
7     attention that SCE&G had not provided.

8           **Q.     And what is that item?**

9           A.     I wish I could -- I can't remember the name  
10    of it right now. It was -- it was another assessment  
11    of some kind, not like a Bechtel assessment but it  
12    was -- it was something to do with the schedule.

13          **Q.     Was it a document?**

14          A.     It was -- yes.

15          **Q.     And who was it a document from?**

16          A.     I don't remember. It was brought to my  
17    attention by the FBI.

18          **Q.     What did the document say?**

19          A.     I don't remember. I'm not -- the FBI told  
20    me not to talk about it.

21          **Q.     Why do you believe that document was not**  
22    **made available to ORS during the course of the**  
23    **project?**

24          A.     Because SCE&G was not being truthful.

25          **Q.     No. Do you know that the document was not**

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1       made available to anybody from ORS during the course  
2       of the project, this document that you don't recall  
3       what it said or who it was from?

4           A.     I don't know. I remember that I hadn't been  
5       aware of it.

6           Q.     Is there any issue, standing here today,  
7       that you can tell me was identified in the Bechtel  
8       report that you were not aware of during the course  
9       of construction of the project?

10          A.     I haven't reviewed the Bechtel report  
11       lately.

12          Q.     Well, you're testifying here today that  
13       SCE&G withheld something that you believe you should  
14       have known. What is it that was in that document  
15       that you believe ORS did not know?

16          A.     If I had had that document, that independent  
17       assessment of how the project was being managed, with  
18       that list of things with the order of that magnitude,  
19       with the record of magnitude of all of those things  
20       in there, with the -- I know -- I remember there were  
21       some things in there that we didn't know, I just -- I  
22       don't remember. It's been a year. It was a really  
23       stressful month.

24          Q.     Is there anything --

25          A.     I don't remember. But I remember thinking

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1       that -- I'm sorry, but you need to let me finish.

2           **Q.     Go ahead.**

3           A.     I remember thinking that -- I'm trying to  
4       remember, because I had specific examples of last  
5       year. I haven't looked at in a year. I don't  
6       remember what they are.

7           **Q.     Sitting here today, there is no specific**  
8       **issue that was identified in the Bechtel report that**  
9       **you can say the ORS was not aware of during the**  
10       **course of construction of the project, correct?**

11          A.     I didn't do an extensive review of Bechtel.  
12       I mean, I -- the fact that it was -- that it existed,  
13       the fact that it identified all those problems, the  
14       fact that SCE&G wasn't forthcoming about its  
15       existence. You can't -- you can't regulate somebody  
16       that's going to make you go and search out all of  
17       the -- you can't regulate somebody that's not just  
18       going to be forthcoming. Like, how -- I mean, how --  
19       how -- I mean, what do I know -- I don't -- how do  
20       you know things -- how do you know that there aren't  
21       things that you don't know that exist that you should  
22       be asking about. It's a huge project. How do you  
23       regulate somebody like that? I don't know the answer  
24       to that question. I don't know the answer to that  
25       question.

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1           **Q.    Ms. Powell, each year that SCE&G filed a**  
2           **petition for the Public Service Commission asking for**  
3           **updated approval of revised rates or schedules or**  
4           **costs, ORS requested information from SCE&G to**  
5           **evaluate those petitions, correct?**

6           **A.    We did.**

7           **Q.    You submitted written requests --**

8           **A.    We did.**

9           **Q.    -- for information to SCE&G, correct?**

10          **A.    We did.**

11          **Q.    And you never submitted a written request to**  
12          **SCE&G asking for the Bechtel report or the Bechtel**  
13          **assessment, correct?**

14          **A.    There seems to be a pretty specific request**  
15          **on this piece of paper.**

16          **Q.    You mean the agenda that says discuss the**  
17          **status of the Bechtel assessment?**

18          **A.    Yes. And if there had been a report, if**  
19          **there had been a thing, if there had been a something**  
20          **that we should be asking about, we should have been**  
21          **our response here or to one of our Interrogatories**  
22          **asking for engineering reports and assessments and**  
23          **all of the things.**

24          **Q.    But you knew that Bechtel had done some sort**  
25          **of assessment on the project as of October 2015; you**

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1       **had an indication that that had occurred, right?**

2           A.    My -- I think we have already gone over my  
3       understanding of October 2015.

4           **Q.    Yes.  And it was right there in ORS's**  
5       **Interrogatories, Gene Soult had an indication as of**  
6       **October 2015 that Bechtel had done an assessment on**  
7       **the project, right?  We read that earlier.**

8           A.    Uh-huh.

9           **Q.    Yes?**

10          A.    Yes.

11          **Q.    Okay.**

12          A.    Well, that's what's on the paper, yes.

13          **Q.    Correct.**

14          A.    I don't know that -- I don't know that --  
15       the way that you're characterizing it doesn't really  
16       seem to be to my actual memory, but I agree that's  
17       what's on the paper.

18          **Q.    And then you have testified that there were**  
19       **follow-up discussions in which Gary asked, what's the**  
20       **status of the Bechtel report or assessment, right?**

21          A.    Right.

22          **Q.    You never received that assessment or report**  
23       **during the course of the project; is that what you're**  
24       **saying?**

25          A.    Yes.

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1           **Q.     And you never submitted a written request to**  
2           **SCE&G saying, provide us the Bechtel assessment?**

3                       MR. KOLB:   Object to the form.

4                       THE WITNESS:   And/or should have  
5           produced any such report that we could get to.

6 BY MR. KEEL:

7           **Q.     You never submitted a request --**

8           A.     If Bechtel had been doing work for CB&I or  
9           someone else, it would have been difficult for us to  
10          get to it.

11          **Q.     Just answer my question.   You never**  
12          **submitted a request, a written request, to SCE&G**  
13          **asking for them to provide you the Bechtel**  
14          **assessment?**

15                      MR. KOLB:   Object to the form.

16                      THE WITNESS:   I think we submitted  
17          several written requests that should have  
18          included the Bechtel assessment.

19 BY MR. KEEL:

20          **Q.     You never submitted a single written request**  
21          **to SCE&G that used the word Bechtel?**

22          A.     I don't recall one.

23          **Q.     You never went to --**

24          A.     Other than what's in the two meeting  
25          agendas.

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1           Q.    And you never went to the PSC and said,  
2    don't approve SCE&G's next petition because we  
3    believe Bechtel had conducted an assessment on the  
4    project and we haven't received that assessment?

5           A.    No.

6           Q.    You never went to your boss at ORS and said,  
7    we cannot support the next petition for approved  
8    rates or costs or schedule updates because we believe  
9    Bechtel conducted an assessment on the project and we  
10   haven't received that assessment, right?

11          A.    No.

12          Q.    Instead, in 2016, ORS agreed to a settlement  
13   supporting approval of the request for updated  
14   schedule and costs for SCE&G for the project, right?

15          A.    Yes, uh-huh.   Yes.

16          Q.    And you supported that decision to enter  
17   into that settlement, right?

18          A.    I did.

19          Q.    And you believed at the time that you had  
20   sufficient information for you to make a  
21   determination that ORS should agree to that  
22   settlement, right?

23          A.    I believed at the time that the settlement  
24   was reasonable.

25          Q.    And my question is:  You believed you had

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1       sufficient information to make a determination that  
2       ORS should enter into that settlement, right?

3           A.     In the context of the fixed price, both the  
4       fixed price that was guaranteed by Westinghouse and  
5       the fixed price agreement with SCE&G.

6           Q.     You believed you had sufficient information  
7       to make a determination that ORS should enter into  
8       the settlement agreement that it did for the 2016  
9       petition, correct?

10          A.     Correct.

11          Q.     Ms. Powell, did you actually resign from the  
12       ORS?

13          A.     I did.

14          Q.     I want to switch gears for a little bit. I  
15       don't think I asked you earlier, but could you  
16       describe for us a little bit about your educational  
17       background, starting with where you went to college.

18          A.     Sure. No problem. I have a degree in -- a  
19       bachelor's degree, a bachelor of science in physics  
20       from the University of South Carolina Honors College  
21       with a minor in math. I have a master's degree in  
22       physics with a specialization in nuclear and particle  
23       physics from the College of William and Mary.

24          Q.     And could you generally describe for me your  
25       employment history prior to joining ORS in 2011?

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1           A.     Sure. I worked for the House Ways and Means  
2     Committee of the General Assembly for a number of  
3     years, from 2002 to I think it was 2009. I left Ways  
4     and Means to go to work for the Energy Office when  
5     Bill Newberry retired. He ran the Rad Waste Disposal  
6     Program at the Energy Office. I worked at the Energy  
7     Office from 2009 to 2011. I worked on energy  
8     assurance issues, a little bit of Demand Side  
9     Management Energy Efficiency, and I worked with the  
10    Eastern Interconnections States' Planning Council,  
11    and that's how I met Dukes; our two agencies worked  
12    together on that issue.

13           **Q.     And is that the last employment you had**  
14    **prior to joining ORS?**

15           A.     Yes.

16           **Q.     And we talked about earlier one of the**  
17    **things that you had done in your role at ORS in**  
18    **monitoring the V.C. Summer project was providing**  
19    **testimony during some of the petitions.**

20           A.     Yes.

21           **Q.     Mark this as 3, I believe.**

22                   (Exhibit No. 3 was marked for  
23                   identification.)

24           **Q.     All right. Ms. Powell, I have just handed**  
25    **you what's been marked as Exhibit 3 to your**

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1       **deposition.**

2           A.     Sure.

3           Q.     Do you recognize this?

4           A.     Yes.

5           Q.     What do you recognize this to be?

6           A.     This is my testimony in 2012-203-E.

7           Q.     And this was the first time you submitted  
8       **testimony to the South Carolina Public Service**  
9       **Commission?**

10          A.     Yes, it was.

11          Q.     If you turn to page three of the testimony  
12       **for me, please.**

13          A.     Sure.

14          Q.     You will see towards the bottom of the page  
15       **there is a question that reads, "What are the primary**  
16       **focus areas of ORS's oversight activities?"**

17               Do you see that?

18          A.     Yes, I do.

19          Q.     And then there is a paragraph and the answer  
20       **there, and the last sentence of the paragraph that's**  
21       **over on page four, states that, "ORS's oversight**  
22       **activities primarily focus on the company's ability**  
23       **to adhere to the approved construction schedule and**  
24       **the improved capital cost estimates."**

25               Do you see that?

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1           A.     Yes.

2           Q.     And that was your understanding of the focus  
3 of ORS's oversight activities throughout the time of  
4 the project, right?

5           A.     Yes.

6           Q.     It was focused on evaluating the ability to  
7 adhere to the schedule and approved cost, right?

8           A.     Yes.

9           Q.     And you understand that the approved  
10 schedule for the project was the BLRA milestone  
11 schedule, right?

12          A.     That's correct.

13          Q.     And turning back to page four of your  
14 testimony, you can see during the next Q&A, the  
15 second sentence in the answer reads, "The BLRA  
16 milestone schedule consists of 146 milestone  
17 activities."

18          A.     Yes.

19          Q.     "ORS verifies the status of each milestone  
20 activity to ensure the activity is in accordance with  
21 the previous commission's orders related to this  
22 matter."

23                   Do you see that?

24          A.     Yes.

25          Q.     And what did ORS in an effort to verify the

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1       **status of each milestone activity on the approved**  
2       **schedule?**

3           A.     We reviewed documents on-site. There was a  
4     monthly report that was produced by -- well, at  
5     various points, Shaw, CB&I and Westinghouse, that  
6     tracked their compliance with the BLRA milestones.  
7     There were other schedules; there were lookahead  
8     schedules. We also looked at the payment of invoices  
9     for milestone activities. Occasionally we went to  
10    observe key activities. And we had Gary -- we had  
11    Gary helping us with our review.

12          **Q.     Is it fair to say that, throughout the time**  
13       **that you were working with ORS in monitoring this**  
14       **project, you attempted to collect whatever**  
15       **information you could to evaluate the ability of the**  
16       **company to adhere to the approved BLRA milestone**  
17       **schedule?**

18          A.     Yes.

19          **Q.     And ORS, throughout that time, had access to**  
20       **information about the project through the different**  
21       **sources, right?**

22          A.     Yes.

23          **Q.     And one of the ways that the ORS collected**  
24       **information about the project was through regular**  
25       **site visits to the project, right?**

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1           A.     Yes.

2           Q.     And during the site visits, the ORS would  
3     review various documents about the status of the  
4     project, right?

5           A.     Yes.

6           Q.     And if you look at the bottom of page four  
7     there, there is a Q&A that discusses this issue.

8           A.     Yes.

9           Q.     And second sentence from the bottom of the  
10    page four, says, "During these visits, ORS meets with  
11    SCE&G's New Nuclear Deployment personnel and reviews  
12    numerous documents that relate to the approved  
13    construction schedule. These documents include, but  
14    are not limited to, the weekly construction  
15    activities report, detailed construction schedules,  
16    milestone comparison activities reports, milestone  
17    schedule recovery plans, major component fabrication  
18    status log, and meeting minutes."

19                   Do you see that?

20           A.     Yep.

21           Q.     And the meeting that's referred to at the  
22    end of that, that's referring to the monthly project  
23    review meeting minutes?

24           A.     Uh-huh, PRM, yes.

25           Q.     Now, this statement -- so this is an

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1       accurate reflection of documents that the ORS  
2       reviewed in an effort to perform its activities or  
3       its responsibilities of evaluating the schedule?

4           A.     Yes.

5           Q.     The testimony, your testimony here says,  
6       "The documents the ORS would review would include,  
7       but are not limited to, this list."

8                   What other documents would the ORS review in  
9       the site visits?

10          A.     It just depended on what SCE&G would provide  
11       to us. Sometimes they would have an additional  
12       handout about a specific issue. One that comes to  
13       mind from this case specifically had to do with the  
14       wells and whether they were double fillet wells or  
15       full thickness wells. Occasionally, we would ask a  
16       question and there would be some additional document  
17       that would support the question.

18          Q.     And the ORS would also physically observe  
19       the status of the site during its visits?

20          A.     Yes.

21          Q.     In addition to the regular site visits and  
22       the review of the documents we just went through, ORS  
23       staff would attend plan-of-the-day meetings on a  
24       regular basis, correct?

25          A.     Yes.

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1           **Q.     And we have already talked about ORS had**  
2           **monthly meetings with SCE&G personnel; is that right?**

3           **A.     Plan-of-the-day meetings, can you go back to**  
4           **that one?**

5           **Q.     Sure.   ORS staff, particularly Gene Soult,**  
6           **would attend plan-of-the-day meetings on a weekly**  
7           **basis?**

8           **A.     That was not true in 2012.   That was true**  
9           **later in the project.**

10          **Q.     And ORS had the monthly meetings that we**  
11          **have been talking about where ORS prepared the agenda**  
12          **in advance, right?**

13          **A.     Yes.**

14          **Q.     And you recall that at some of those monthly**  
15          **meetings, members of the consortium would also**  
16          **attend?**

17          **A.     Yes.**

18          **Q.     And you recall there were times in which ORS**  
19          **would go make visits to Westinghouse at their**  
20          **location and would provide, get information about the**  
21          **status of the project?**

22          **A.     By their location, do you mean their**  
23          **location on the construction are site or their**  
24          **location --**

25          **Q.     On the site, I believe.**

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1           A.     Yes.

2           **Q.     And that would include information about the**  
3           **status of the schedule for the project, right?**

4           A.     Yes.   We also conducted site visits to  
5           vendors at various points during the project.

6           **Q.     Okay.   And which vendors did ORS visit**  
7           **during the course of the project?**

8           A.     I'm trying to remember, because most of them  
9           was while I was not with the project; it was in the  
10          two years that I was gone.

11          **Q.     NNI?**

12          A.     NNI, yes.   And CB&I, Lake Charles, or  
13          whatever it was called before that.

14          **Q.     Do you recall any others?**

15          A.     I know that Gary went to one up near where  
16          he lives in 2015.   I can't remember the name of it  
17          though.

18          **Q.     Any others from those three?**

19          A.     Those are the ones I recall.

20          **Q.     The ORS also had quarterly meetings with the**  
21          **consortium.   Do you recall that?**

22          A.     Yes.

23          **Q.     Where would those quarterly meetings be**  
24          **held?**

25          A.     So at different points in the project it was

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1 different. Are you interested in like 2011 -- like  
2 2011 through 2013 or 2015 through 2017?

3 **Q. Let's start first with the 2011 through 2013**  
4 **time period.**

5 A. Sure.

6 **Q. If you had quarterly meetings with the**  
7 **consortium during that time period, what did they**  
8 **consist of?**

9 A. They came to ORS offices.

10 **Q. Okay. And --**

11 A. So during that time period, SCE&G personnel  
12 regularly came down to the ORS offices for our  
13 monthly meetings. We would have meetings on-site,  
14 and then we would have meetings at the office. And  
15 the Westinghouse personnel would usually come to the  
16 portion of the meeting that was at the office. Later  
17 in the project, we visited them at their trailer on  
18 the construction site.

19 **Q. And that would be the 2015 to 2017 time**  
20 **period?**

21 A. Yes.

22 **Q. And the personnel --**

23 A. I don't know how they did meetings in  
24 between when I was there.

25 **Q. Fair enough.**

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1           The personnel from the consortium that would  
2   attend these quarterly meetings, did it include Terry  
3   Elam from Westinghouse?

4           A.    Sometimes.

5           Q.    He was the lead scheduler on the project,  
6   right?

7           A.    Yes.

8           Q.    What about Dan Magnarelli from Westinghouse,  
9   did he attend these meetings?

10          A.    Sometimes.

11          Q.    What about personnel from CB&I?

12          A.    Sometimes. We sort of had a rotating -- it  
13   wasn't the same people every single time.

14          Q.    Was there an agenda prepared for the  
15   quarterly meetings with the consortium?

16          A.    We usually provided SCE&G with the a list of  
17   questions. It was -- anything we had for the  
18   consortium was typically on our agenda, our site  
19   visit agenda.

20          Q.    And would you ask SCE&G to provide that list  
21   of questions to the consortium or would ORS provide  
22   it directly?

23          A.    We would ask SCE&G to provide it. We didn't  
24   have any regulatory authority over the consortium.

25          Q.    But you did have access to the consortium?

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1           A.     To the extent that they allowed us to, yes.

2           Q.     I mean, they met with you on a quarterly  
3 basis?

4           A.     Yes.

5           Q.     You would go to these meetings. ORS staff,  
6 I assume, would ask questions of the consortium?

7           A.     Yes.

8           Q.     And I assume the consortium would provide  
9 responses to those questions?

10          A.     Yes.

11          Q.     And ORS was free to ask whatever questions  
12 they wanted of the consortium during these meetings?

13          A.     Yes.

14          Q.     In addition to the meetings we have already  
15 gone through and the documents that you discussed  
16 would be reviewed during the site visits, the ORS had  
17 access to various other reports about the project?

18          A.     Yes.

19          Q.     And those would be the reports made  
20 available in the hard copy binders you discussed  
21 earlier as well as in the E-room, correct?

22          A.     Yes.

23          Q.     And those reports would include a BLRA  
24 milestone tracking report?

25          A.     Yes.

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1           Q.    And that would show how the status of the  
2   project compared to the BLRA milestones, right?

3           A.    That's correct.

4           Q.    Would it include a commercial issues log?

5           A.    Yep.

6           Q.    It would include weekly status reports on  
7   the project?

8           A.    That's correct.

9           Q.    Would it include status reports from the  
10   consortium about the project?

11          A.    The ones they provided, yes.

12          Q.    Those are the ones you were talking about  
13   earlier that would come from CB&I or Westinghouse?

14          A.    Correct.

15          Q.    Okay.

16          A.    They were very cautious about information  
17   that they released to us when -- they tended to not  
18   give us anything that -- well, shouldn't say it that  
19   way. They were very cautious about giving us  
20   anything that was not final, final, final. So if it  
21   was something that they were still working on, we  
22   wouldn't have access to it.

23          Q.    So if they were working on an updated  
24   schedule, they wouldn't give it to you if it wasn't  
25   complete, something like that? Yes?

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1           A.     Yes.

2           Q.     Scheduling reports were also made available  
3     to the ORS that were produced from the consortium's  
4     software system, the Primavera?

5           A.     Yes.

6           Q.     The ORS has also -- risk mitigation reports  
7     were made available to the ORS?

8           A.     Yes.

9           Q.     The information that was made available to  
10    the ORS overall would reflect how the status of the  
11    project compared to the approved schedule, correct?

12          A.     Yes.

13          Q.     The information made available to the ORS  
14    would also reflect, among other things, the  
15    performance factor for construction on the project?

16          A.     You're talking about productivity and  
17    production?

18          Q.     Yes. There is a -- you're familiar with the  
19    term the performance factor?

20          A.     Yes.

21          Q.     And --

22          A.     Sort of. It's productivity, production, are  
23    the ones that I typically would talk about.

24          Q.     And you understand that those performance  
25    and productivity factors were part of the information

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1       **made available to the ORS, correct?**

2           A.     Yes.

3           **Q.     And the information --**

4           A.     I do know that at several points there  
5       were -- they re-baselined the project several times  
6       and there were several points where they were working  
7       on those factors, and they were in -- they were  
8       revising their methodologies.

9           **Q.     But as a general matter, when those metrics**  
10       **were complete, they were provided to the ORS as part**  
11       **of this regular information?**

12          A.     Typically, yes.

13          **Q.     The information made available to the ORS**  
14       **during the project also reflected the indirect,**  
15       **direct craft ratio?**

16          A.     Yes.

17          **Q.     The information made available to the ORS**  
18       **also reflected the non-field manual direct craft**  
19       **ratio, correct?**

20          A.     I don't specifically recall that, but I  
21       don't doubt that it probably was there.

22          **Q.     In addition to the site visits,**  
23       **plan-of-the-day meetings, quarterly meetings with the**  
24       **consortium, monthly meetings with SCE&G, and the**  
25       **various reports made available in the E-room and in**

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1     **hard copy to the ORS, were there any other sources**  
2     **through which ORS received information about the**  
3     **status of the project?**

4           A.     You listed audit information requests and  
5     NND requests?

6           Q.     **I did not.**

7           A.     Okay.

8           Q.     **So through audit information requests and**  
9     **NND requests?**

10          A.     Uh-huh.

11          Q.     **Are there any other sources through which**  
12     **the ORS would obtain information about the project,**  
13     **other than the ones we have already discussed?**

14          A.     I think those are the main ones.

15          Q.     **Now --**

16          A.     I can't promise I didn't occasionally Google  
17     something.

18          Q.     **Fair enough. And could you describe for**  
19     **me how -- well, for a period of time of the project,**  
20     **you were involved in document review to assess sort**  
21     **of the status of the project, right?**

22          A.     Yes.

23          Q.     **How would you report that information within**  
24     **ORS?**

25          A.     We were -- so we would go -- how would I

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1     report that information within ORS? Well, it was  
2     difficult because of the confidentiality restrictions  
3     with where we could keep information. So we would  
4     typically review information at the construction  
5     site. If you look -- I'm sure that if you look in  
6     the binder with the invoices, you'll see a number of  
7     my highlights and notes and things like that. That's  
8     just the specific place I remember that I would have  
9     written on SCE&G's documents. I'm sure there's  
10    probably other ones. And then we would have to  
11    verbally relay that information back to the office.

12           **Q.     Okay.**

13           A.     Because we couldn't take it away from the  
14    site.

15           **Q.     So the primary way in which you would**  
16    **communicate your analysis of documents you reviewed**  
17    **to other people in the ORS would be through meetings?**

18           A.     Yes.

19           **Q.     What about, is the same true for Gene and**  
20    **Gary, when they would review documents, how would**  
21    **they report their analysis to you or others?**

22           A.     It would typically be through meetings.  
23    Gene and Gary would occasionally -- well, with the  
24    monthly, monthly agendas, if that was part of their  
25    document review -- I know Gene and Gary had a process

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1       where they would often have phone calls to  
2       communicate about things that they had found or where  
3       they were or things like that.

4           **Q.     What about work product, materials that are**  
5       **created by ORS in connection with the V.C. Summer**  
6       **project, can you describe for me where those**  
7       **materials would be stored within ORS?**

8           A.     At the construction site.

9           **Q.     So if you created notes on a Word document**  
10       **from your computer at the office, how would you store**  
11       **it?**

12          A.     I would do it.

13          **Q.     Okay.**

14          A.     If it had anything confidential in it, I  
15       wouldn't do it.

16          **Q.     What if it didn't have anything confidential**  
17       **in it?**

18          A.     If it didn't have anything confidential in  
19       it, it would have been in our -- in our files. But  
20       the vast majority of anything that was relevant to  
21       anything had confidential information in it.

22          **Q.     So the ORS produced a quarterly report that**  
23       **was made publicly available?**

24          A.     Oh, that's true, that's right, yes, yes.

25       But that's not me communicating it back to the office

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1       though.

2           **Q.     Right.**

3           A.     That was what you asked about.

4           **Q.     I'm asking about work product that ORS**  
5       **creates from its monitoring of the project.**

6           A.     Oh, okay, yes.

7           **Q.     Where would those materials be stored within**  
8       **ORS?**

9           A.     So, like, our quarterly reports or --

10          **Q.     Anything. Anything that ORS personnel**  
11       **created, work product they created about the project,**  
12       **how would it be stored; what was your system?**

13          A.     We had an electronic -- we had a drive that  
14       had data on it.

15          **Q.     What was the drive called?**

16          A.     This was from '11 through '13. It was NND.  
17       I think was the name of the drive, NND. It was in  
18       our file sharing site.

19          **Q.     Okay.**

20          A.     Not our sharing site but it was in our inner  
21       office file site, the NND drive.

22          **Q.     And was everything on the NND drive related**  
23       **to the V.C. Summer project?**

24          A.     It had two folders; it had one for V.C.  
25       Summer, it had one for Duke.

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1           **Q.    Are there any other places where work**  
2           **product created by ORS personnel would be stored in**  
3           **ORS's systems in that '11 to '13 time frame?**

4           A.    Well, this was even later, too.  It's just  
5           that in '11 and '13, the activities were in the  
6           electric department, and then we got moved to energy  
7           policy, so it would have been in a different location  
8           in the file structure.

9           **Q.    It was the same system of anything related**  
10          **to the project would be stored in a particular folder**  
11          **on the sharing site?**

12          A.    Right.

13          **Q.    And during '15 to '17, what was that folder**  
14          **called?**

15          A.    It was NND.

16          **Q.    Was it on a different drive?**

17          A.    I think that we had one -- I think there was  
18          one that was still in the electric drive, and I think  
19          I recall at one point it was split out.  I can't  
20          remember.

21          **Q.    Did you have a laptop that you used?**

22          A.    I did have a laptop.

23          **Q.    Did you store anything on your laptop**  
24          **related to V.C. Summer?**

25          A.    Occasionally.

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1           Q.    And where would you store the documents  
2   related to V.C. Summer on your laptop?

3           A.    Usually on the desktop.

4           Q.    Did you have a folder for V.C. Summer on  
5   your desktop?

6           A.    Yes. I think so, yeah. I had a folder for  
7   NND. I don't remember if it was called V.C. Summer  
8   or not.

9           Q.    Are you aware of whether Gary Jones or Gene  
10   Soult also had laptops that they used?

11          A.    Gene had a laptop.

12          Q.    Do you know if Gene stored documents related  
13   to V.C. Summer on his laptop?

14          A.    Probably.

15          Q.    Do you have any personal knowledge about how  
16   he stored documents related to V.C. Summer?

17          A.    No.

18          Q.    Same question for Gary Jones: Do you know  
19   how or where Gary Jones stored information related to  
20   V.C. Summer?

21          A.    I don't have any personal knowledge of that.

22          Q.    I want to shift to another topic.

23          A.    Sure.

24          Q.    Another part of the ORS's responsibilities  
25   was to evaluate how costs being incurred for the

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1     **project compared to the approved budget; is that**  
2     **right?**

3           A.     Yes.

4           **Q.     And could you walk me through that process?**  
5     **What did the ORS do to evaluate whether the project**  
6     **was proceeding on budget?**

7           A.     We would look at the budget consumption  
8     versus where the project was with respect to its  
9     payment milestones. And I would say that's the  
10    primary. With respect to where it was with respect  
11    to its payment milestones, and also, like, in a case,  
12    we would do a deep, extensive dive. There were,  
13    like, 20 or 30 Excel spreadsheets that we would go  
14    through, we would look at staffing, we would look at  
15    all of the different factors to figure out, you know,  
16    if those factors were reasonable. And then we would  
17    figure out, you know -- and then, you know, shortly  
18    after a case, you have done the monetary evaluation  
19    based on all those staffing plans, so then you can  
20    evaluate, you know, what they have paid out versus  
21    the contract and look at where you are in the  
22    schedule to sort of get an idea of where you are.

23          **Q.     You referenced the term budget consumption.**  
24     **What do you mean by analyzing the project's budget**  
25     **consumption? Would you be reviewing invoices and**

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1       **payment records?**

2           A.     Uh-huh.   Remember that notebook that I  
3       mentioned that was out at the site, it had a listing  
4       of, like, all of the invoices per the EPC contract,  
5       and we would look at what items had been completed.  
6       We would look, like, on the -- because there is a,  
7       like a milestone payment schedule in the EPC  
8       contract, we would look at milestones that had been  
9       completed and then compare those invoices to it.

10           The audit department also would, like, would  
11       have -- would sort of regularly look at what the  
12       spend-to-date was.   They would do that  
13       approximately -- approximately monthly.   It lagged a  
14       little bit, and there were times when they were  
15       working on other cases.

16           **Q.     And you also mentioned, I think, 20 to 30**  
17       **spreadsheets of different information, cost-related**  
18       **information that you would evaluate as part of**  
19       **monitoring the budget for project, right?**

20           A.     Well, that was part of -- we would use the  
21       information from the most recent rate case or rate --  
22       or not rate case because, I'm sorry, my terminology  
23       is wrong -- from the most recent BLRA update docket,  
24       because we got all that specific information.

25           **Q.     So those for those 20, 30 spreadsheets, were**

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1       those spreadsheets that were provided to ORS from the  
2       company?

3           A.     Uh-huh.

4           Q.     Did ORS have any model or spreadsheet that  
5       it created to analyze how the project was proceeding  
6       in comparison to the budget?

7           A.     I didn't have a specific spreadsheet.

8           Q.     Did anybody within the ORS, to your  
9       knowledge, have a model that was used to evaluate how  
10      the company was proceeding in comparison to the  
11      budget?

12          A.     I mentioned all the items that we evaluated  
13      together. We would also look at SCE&G's quarterly  
14      reports. SCE&G's quarterly reports would show where  
15      the project was with the budget and completion  
16      percentages and all of that.

17          Q.     Okay.

18          A.     And that was a primary way that we evaluated  
19      the project budget, I would say, would be the  
20      quarterly reports provided by SCE&G.

21          Q.     My question is just a little different: Are  
22      you aware of anybody within ORS who had a model that  
23      was used to evaluate how the project was proceeding  
24      with respect to cost?

25          A.     We didn't have any sort of, like, computer

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1       model.

2           Q.     Did you -- did anybody within ORS have its  
3       own sort of spreadsheet set up where it would plug in  
4       information provided by the company to do an analysis  
5       on how the project was proceeding in comparison to  
6       the budget?

7           A.     Why would you do that? Because it's in the  
8       quarterly report.

9           Q.     So I'm asking you: Did anybody do that that  
10      you're aware of? Anybody create their own documents,  
11      their own spreadsheets, that they used to analyze  
12      whether the company was proceeding on budget?

13          A.     I'm sure that there were various things we  
14      created at different points to look at the budget and  
15      schedule. But there was not a master document like  
16      you're referring to.

17          Q.     There may have been times where people  
18      within the auditing department or elsewhere within  
19      ORS created their own documents to help analyze  
20      whether the project was proceeding on budget, right?

21          A.     Right.

22          Q.     If those documents, or when those documents  
23      were created, would they be stored in that same NND  
24      share drive folder?

25          A.     Or in the audit folder.

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1           **Q.     There was a separate drive for the auditing**  
2           **information?**

3           A.     Uh-huh.

4           **Q.     What was that drive called?**

5           A.     I'm not familiar with audit's drive.

6           **Q.     Would that be a question for Jay?  Who would**  
7           **we ask that?**

8           A.     I guess Jay would be the person to ask.

9                               MR. KEEL:  Let's go off the record  
10           for a minute.

11                            THE VIDEOGRAPHER:  Off the record  
12           at 12:19 p.m.

13                            (A recess was taken.)

14                            MR. KEEL:  On the record at  
15           1:12 p.m.

16   BY MR. KEEL:

17           **Q.     Ms. Powell, are you ready to continue?**

18           A.     Sure.

19           **Q.     We talked about earlier one of the things**  
20           **the ORS did with respect to the project was produce**  
21           **for a time period its own quarterly reports**  
22           **evaluating the status of the project.**

23           A.     Yes.

24           **Q.     Do you recall that at some point you changed**  
25           **that -- at some point in time, that process changed**

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1       **and the ORS no longer produced quarterly reports?**

2           A.     We weren't producing them when I came back.

3           **Q.     Sometime between 2013 and October 2015 that**  
4       **process stopped?**

5           A.     Yes.

6           **Q.     And instead of producing quarterly reports,**  
7       **do you understand that the ORS began sending letters**  
8       **to SCE&G from Dukes Scott with its concerns about the**  
9       **project?**

10          A.     We did begin sending letters.

11          **Q.     And were you involved in that process?**

12          A.     Yes.

13          **Q.     Do you know why the decision was made to**  
14       **stop producing quarterly reports?**

15          A.     They had stopped before I came back.

16          **Q.     So you don't know why that decision was**  
17       **made?**

18          A.     No.

19          **Q.     And what was your involvement in preparing**  
20       **the letters that would be sent from Dukes Scott to**  
21       **SCE&G after the time you came in 2015?**

22          A.     So Gary would typically do a first, a first  
23       draft, and then I would look at a paper copy of it  
24       and make any edits I had or any additional comments I  
25       had.

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1           **Q.    And then where would the letter go after you**  
2           **provided your comments?**

3           A.    It would go to -- well, it would go to  
4           Dukes, ultimately.

5           **Q.    And then Dukes, I presume, would review and**  
6           **sign it?  Yes?**

7           A.    Yes.

8           **Q.    And to whom would the ORS distribute those**  
9           **letters other than to SCE&G?**

10          A.    I'm not aware of Dukes' distribution list.

11          **Q.    Would Dukes himself send those letters out?**

12          A.    It wasn't me.

13          **Q.    Do you have any understanding as to whether**  
14          **those letters were sent to the governor of South**  
15          **Carolina?**

16          A.    I know that Dukes sent periodic  
17          communications to the governor.  I'm not sure if it  
18          was exactly the same thing.

19          **Q.    You're aware that Dukes Scott sent periodic**  
20          **communications to the governor about the V.C. Summer**  
21          **project?**

22          A.    I don't know that it was -- I know he  
23          communicated with the governor about the project.  
24          I'm not aware of distribution lists for the letters.

25          **Q.    Do you have any understanding as to whether**

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1       the letters were sent to people other than SCE&G?

2           A.    I know that Dukes sent -- Dukes sent some  
3       updates to the PERK. I don't believe he sent -- the  
4       letters he sent to SCE&G to the PERK.

5           Q.    But you don't know what he did with his  
6       distribution, right? Yes?

7           A.    Yes.

8           Q.    I want to talk a little bit about the 2015  
9       PSC petition.

10                  Do you recall that in March of 2015, SCE&G  
11       filed a petition seeking approval by the Public  
12       Service Commission of an updated schedule and cost  
13       for the project?

14           A.    Yes.

15           Q.    And after SCE&G submitted that petition, the  
16       ORS requested information from SCE&G for the purpose  
17       of evaluating the petition, right?

18           A.    Yes.

19           Q.    And the ORS received information from SCE&G  
20       in response to those requests?

21           A.    Yes.

22           Q.    And then you were involved, I assume, in  
23       evaluating that information to determine whether or  
24       not ORS would support the petition?

25           A.    Yes.

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1           Q.    And ultimately, ORS came to the conclusion  
2           that it would enter into a settlement agreement with  
3           SCE&G seeking for the PSC to approve the requested  
4           update?

5           A.    Yes, and the settlement agreement.

6           Q.    And you supported that decision entering the  
7           settlement agreement, correct?

8           A.    Yes.

9           Q.    And you believed that the terms of that  
10          settlement agreement and approval of the petition was  
11          in the best interest of the ratepayers at that time,  
12          correct?

13          A.    I thought the settlement agreement was  
14          reasonable.

15          Q.    You wouldn't have supported it if you didn't  
16          think it was in the best interest of the ratepayers,  
17          correct?

18          A.    Yes.

19                         (Exhibit No. 4 was marked for  
20                         identification.)

21          Q.    Ms. Powell, you have just been handed what  
22          is marked as Exhibit Number 4 to your deposition. Do  
23          you recognize this document?

24          A.    Yes, the Settlement Agreement.

25          Q.    This is the Settlement Agreement that ORS

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1       entered into with SCE&G, and the South Carolina  
2       Energy Users Committee for that 2015 petition,  
3       correct?

4           A.     Yeah. I wasn't part of that Settlement  
5       Agreement.

6           Q.     Okay. But that's what the document says on  
7       this paper?

8           A.     Yes.

9           Q.     Have you ever seen this document before?

10          A.     I don't specifically remember it but I am  
11       sure I have.

12          Q.     Would you typically be involved in the  
13       process of reviewing filings for the petition during  
14       the time you were working with ORS?

15          A.     Yes, but this wasn't during that time  
16       period.

17          Q.     This was entered into before you came back;  
18       is that right?

19          A.     Yes.

20                 I'm sorry, were your previous questions  
21       about 2015 or 2016?

22          Q.     They were about the 2015 petition.

23          A.     I need to revise my answers then. I  
24       misheard. I thought you were talking about 2016.

25          Q.     Okay. So all the comments you made

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1       previously about supporting the settlement, you were  
2       referring to the 2016 petition?

3           A.     The one in which I testified, yes.

4           Q.     And didn't have any involvement in  
5       evaluating the 2015 petition for ORS?

6           A.     No, none.

7           Q.     Okay. Well, let's turn the 2016 petition.  
8       Now, you understand that after SCE&G entered into the  
9       EPC amendment with Westinghouse, it filed another  
10      petition with the PSC seeking approval of updated  
11      costs and schedule for the project, right?

12          A.     Yes.

13          Q.     And that's the proceeding that you were  
14      involved with?

15          A.     Yes.

16          Q.     And that was the proceeding in which SCE&G  
17      sought approval of the updated cost and schedule --

18          A.     Yes.

19          Q.     -- per the terms of the EPC amendment,  
20      right?

21          A.     Yes.

22          Q.     Which included SCE&G's election of a fixed  
23      price option for the remaining costs of the project?

24          A.     Yes.

25          Q.     After SCE&G submitted that petition, you

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1       were involved in the process of evaluating it to  
2       determine whether the ORS would support it, correct?

3           A.     Yes.

4           Q.     And the ORS submitted requests for  
5       information to SCE&G in connection with that  
6       petition?

7           A.     Yes.

8           Q.     And the ORS received information from SCE&G  
9       in response to this request?

10          A.     Yes.

11          Q.     And then after evaluating the information  
12       provided, ORS ultimately decided to enter into a  
13       settlement agreement seeking for the PSC to approve  
14       the petition per the terms of that agreement?

15          A.     Yes.

16          Q.     And you supported the decision to enter into  
17       that settlement agreement?

18          A.     Yes.

19          Q.     And then you submitted testimony in support  
20       of the PSC approving the petition per the terms of  
21       the settlement agreement, right?

22          A.     Yes.

23                       (Exhibit No. 5 was marked for  
24                       identification.)

25          Q.     Ms. Powell, you have just been handed what

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1 is marked Exhibit Number 5 to your deposition. Do  
2 you recognize this document?

3 A. Yes.

4 Q. And what do you recognize this to be?

5 A. This was my testimony in the -- in 2016  
6 223E, the baseload review case in 2016.

7 Q. And if you turn to page four of your  
8 testimony.

9 A. Uh-huh.

10 Q. You see in the middle of the page there is a  
11 question that reads, "Please describe ORS's  
12 activities in response to SCE&G's petition."

13 Do you see that?

14 A. Yes.

15 Q. And then your answer states that, "ORS has  
16 been actively reviewing documentation related to the  
17 amendment since October 2015, and much of the  
18 information in the petition was covered by several  
19 rounds of continuing information requests related to  
20 that review. ORS asked the company to update its  
21 responses to these requests in light of the petition.  
22 In addition, ORS met frequently with representatives  
23 from SCE&G's construction, business and finance  
24 department to discuss the details of the petition and  
25 supporting documentation."

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1                   Do you see that?

2           A.     Yes.

3           Q.     Okay. And that's consistent with what you  
4 recall the ORS did in connection with evaluating the  
5 2016 petition?

6           A.     Yes.

7           Q.     And the reference to amendments in the first  
8 sentence there is to the EPC amendment; is that  
9 right?

10          A.     Yes, that's the finding at the top of the  
11 page.

12          Q.     The last sentence says -- of that same  
13 answer, "ORS also interviewed several SCE&G,  
14 Westinghouse Electric Company technical experts and  
15 Fluor Corporation technical experts to fully  
16 understand the various components of the petition."

17                   Do you see that?

18          A.     Yes.

19          Q.     Do you recall meeting with Westinghouse and  
20 Fluor representatives in connection with --

21          A.     Yes.

22          Q.     -- evaluating whether or not ORS would  
23 support the 2016 petition?

24          A.     Yes.

25          Q.     And specifically, do you recall a meeting

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1       occurring in August of 2016 in which the ORS met with  
2       representatives of Westinghouse and Fluor?

3           A.     Yes.

4                       (Exhibit No. 6 was marked for  
5                       identification.)

6           Q.     I'm handing you what's been marked Exhibit 6  
7       to your deposition, Ms. Powell. Do you recognize  
8       this document?

9           A.     Yes.

10          Q.     And what do you recognize this document to  
11       be?

12          A.     This is a list of questions that were  
13       provided for Westinghouse at that meeting.

14          Q.     Provided by the ORS?

15          A.     Yes.

16          Q.     And were you involved in putting together  
17       this list of questions to discuss with Westinghouse  
18       for that meeting?

19          A.     Yes.

20          Q.     I want to turn to a few of the -- well,  
21       actually, if you look on the first page here after  
22       the Introduction there is a statement, says, "Please  
23       give me your full name and identity of your position  
24       with Westinghouse." And then in handwriting, it  
25       says, "Jeff Benjamin."

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1                   Do you see that?

2           A.     Yes.

3           Q.     Do you remember Jeff Benjamin was present at  
4     this meeting on August 5th, 2016?

5           A.     Yes.

6           Q.     And he provided responses to the questions  
7     that ORS had relating to the 2016 petition; is that  
8     fair?

9           A.     Yes.

10          Q.     If you turn to page three of Exhibit 6.

11          A.     Yes.

12          Q.     If you look down about three-quarters down  
13     the page there is a bullet point that reads, "What  
14     does Westinghouse believe their additional and final  
15     costs would be to complete the project?"

16                   Do you see that?

17          A.     Yes.

18          Q.     And do you recall Westinghouse providing  
19     information about what it believed the final cost for  
20     the project would be during this August 2016 meeting?

21          A.     I don't remember exactly what they were but  
22     I remember them answering questions.

23          Q.     And what do you remember them saying in  
24     response to the issue of what the final cost for the  
25     project would be?

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1           A.    I don't recall specifically.

2           **Q.    Do you recall Westinghouse stating that it**  
3           **believed it could complete the project for the fixed**  
4           **price amount?**

5           A.    I don't recall.  I recall something else but  
6           not related to Westinghouse's statement.

7           **Q.    What is that you recall?**

8           A.    I remember Gary Jones asking them if they  
9           were willing to lose money to complete the project  
10          and demonstrate that the AP 1,000 was viable, and  
11          they said yes.

12          **Q.    And that relates to the bullet point below**  
13          **that as a question in this list, you know, "Is**  
14          **Westinghouse prepared to accept these losses in order**  
15          **to complete the project with the fixed price option**  
16          **value?"**

17          A.    Uh-huh.

18          **Q.    And you're saying you recall Westinghouse**  
19          **saying, yes, it was committed to completing this**  
20          **project even if it lost money on it?**

21          A.    Yes.

22          **Q.    And Jeff Benjamin made that representation**  
23          **from Westinghouse?**

24          A.    I don't know if it was Jeff or Jeff's  
25          boss -- Dave?

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1           Q.     Danny Roderick?

2           A.     It was one of the two.

3           Q.     And you turn to the next page of Exhibit 6.  
4     And the very first bullet point at the top of page  
5     four of six here states, "Has Westinghouse ever  
6     abandoned or failed to complete a project? If so,  
7     please describe the circumstances surrounding this  
8     project."

9                     Do you see that?

10          A.     Yes.

11          Q.     Do you recall ORS having concerns at this  
12     time in August of 2016 about whether Westinghouse  
13     might abandon the project if the fixed price option  
14     were approved?

15          A.     No.

16          Q.     Do you recall any discussion during the  
17     August 5th, 2016 meeting about whether Westinghouse  
18     had ever previously abandoned a project?

19          A.     It's on the -- it's on the agenda, so I'm  
20     sure we talked about it.

21          Q.     And do you recall Westinghouse providing any  
22     representation to ORS about its commitment to finish  
23     and not abandon this project?

24          A.     Westinghouse repeatedly stated that they  
25     were committed to the project, that they were

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1 committed to finishing the project, and that it was a  
2 key part of -- the AP 1,000 was a key part of their  
3 business model and that they were committed to having  
4 the AP 1,000 project be successful and completed so  
5 that they could sell more AP 1,000s going forward.

6 Q. And at the time of August 2016, that was an  
7 important representation for the purpose of ORS  
8 evaluating whether it would support the 2016  
9 petition, right?

10 A. Yes.

11 Q. You wanted to make sure that Westinghouse  
12 was committed to finishing this project, correct?

13 A. Yes.

14 Q. And they, in no uncertain terms, committed  
15 to ORS that they intended to do so?

16 A. Yes.

17 Q. Even if it resulted in losing money?

18 A. Yes.

19 Q. In the middle of this page four of six,  
20 there is a question, "Do you believe that the  
21 schedule is achievable?"

22 Do you recall any discussion during this  
23 meeting in August of 2016 whether Westinghouse  
24 believed the schedule that would be approved in the  
25 2016 petition was achievable?

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1           A.    I recall a statement but I don't recall who  
2           made it or whether Westinghouse made it.

3           **Q.    What is the statement that you recall?**

4           A.    What I recall is a statement that the  
5           schedule was aggressive but achievable.

6           **Q.    And is it -- do you believe that that**  
7           **statement was made either by Westinghouse or Fluor**  
8           **representatives who were at the meeting?**

9           A.    I don't remember. I'm sorry.

10          **Q.    Okay.**

11          A.    If you -- can I add to my response?

12          **Q.    Go for it.**

13          A.    If you keep reading down, is the schedule  
14          achievable with current productivity and staffing  
15          trends. The answer to that, I'm sure was -- I  
16          remember the answer to that was, no, and they talked  
17          about things that they would need to do to improve  
18          their productivity and efforts they had in place to  
19          improve staffing to meet those goals in order to  
20          achieve their schedule.

21          **Q.    As of this time in August 2016, ORS**  
22          **understood that the schedule could only be achieved**  
23          **if productivity on the project was improved from**  
24          **where it had been historically, right?**

25          A.    If they -- if -- yes.

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1           Q.    And if you turn to the last page of this  
2   exhibit, I think there is one more, page six of six.

3           A.    Uh-huh.

4           Q.    You will see in the middle of the page  
5   there, there is a question, "Describe your  
6   productivity metrics and historic productivity  
7   levels." And then three questions below there.

8                   Do you recall a discussion during this  
9   August 5th, 2016 meeting about the historical  
10   productivity metrics for the project in comparison to  
11   what was necessary to meet the projected schedule?

12          A.    I remember discussions about productivity.  
13   I can't place it to the specific meeting, other than  
14   I -- we were constantly -- we were constantly raising  
15   concerns about their productivity.

16          Q.    And it was understood the productivity had  
17   to improve to meet the schedule?

18          A.    And they had concrete plans in place to do  
19   that.

20          Q.    And you believed those plans, those plans to  
21   improve productivity, were reasonable as of  
22   August 2016?

23          A.    Yes.

24          Q.    You can set that aside.

25                   (Exhibit No. 7 was marked for

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1                                   identification.)

2           Q.    Ms. Powell, you have just been handed what  
3   is marked Exhibit 7 to your deposition. Do you  
4   recognize this document?

5           A.    These are questions from Fluor from the same  
6   meeting.

7           Q.    And do you recall who from Fluor attended  
8   the meeting in August 2016?

9           A.    I am sorry, I don't recall. Flowers?

10          Q.    Would jeff Hawkins sound familiar?

11          A.    That is someone with Fluor that sounds  
12   familiar.

13          Q.    Do you recall whether he was in attendance  
14   at this August 2016 meeting?

15          A.    I can't say with certainty.

16          Q.    And if you turn to the very last page of  
17   Exhibit 7.

18          A.    Okay.

19          Q.    The final question on the list of questions  
20   to discuss with Fluor on August 5th, 2016 was, "Does  
21   Fluor expect to complete construction of both units."

22                   Do you see that?

23          A.    Yes.

24          Q.    And do you recall a discussion about whether  
25   Fluor expected to complete the units during that

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1 meeting in August 2016?

2 A. Yes.

3 Q. And what did Fluor say about whether it was  
4 expected to complete construction of both units?

5 A. I recall Fluor saying that they could --  
6 expected to complete both units.

7 Q. And did you believe that was another  
8 important representation for purposes of ORS's  
9 evaluation of the 2016 petition?

10 A. Absolutely.

11 Q. And the ORS viewed the addition of Fluor to  
12 the project as a positive change, correct?

13 A. Yes.

14 Q. And if you could turn back to your  
15 September 2016 testimony, please.

16 A. All right.

17 Q. And if you could turn to page nine of that  
18 testimony.

19 A. Sure.

20 Q. And the question in the middle of the page  
21 here asks you to, "Please summarize ORS's analysis of  
22 the petition."

23 Do you see that?

24 A. Yes.

25 Q. And there is a subheading there with respect

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1 to schedule.

2 A. Yes.

3 Q. And the second sentence underneath the  
4 subheading for the schedule states, "Westinghouse has  
5 further indicated that the current construction  
6 schedule cannot be met without substantial  
7 improvement in current production and productivity  
8 rates."

9 Do you see that?

10 A. Yes.

11 Q. And that's consistent with what you recall  
12 from your discussions with Westinghouse?

13 A. Yes.

14 Q. And then you skip the following sentence,  
15 the next one down says, "Meeting the current  
16 construction schedule will require substantial  
17 improvement to both productivity and production."

18 A. Yes.

19 Q. So ORS also understood, separate from  
20 Westinghouse's representation, that there would have  
21 to be substantial improvements in order to meet the  
22 projected schedule, right?

23 A. I would say that that statement is based on  
24 Westinghouse's representation and historical data.

25 Q. It was based on everything you knew about

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1 the project at that point in time, right?

2 A. Yes.

3 Q. And in the middle of page ten there --

4 A. Yes.

5 Q. -- about halfway down on the right-hand side  
6 there is a sentence that starts with, "The."

7 Do you see that?

8 A. On the right-hand side with the --

9 Q. It's nine lines down.

10 A. Yes, I see it.

11 Q. Okay. That sentence reads, "The GSCDs in  
12 the petition accurately reflect the GSCSs in the  
13 amendment; that is GSCDs of August 31st, 2019 for  
14 Unit 2 and August 31st, 2020 for Unit 3. ORS  
15 believes that it will take at least this long to  
16 complete the units, and in fact it is likely to take  
17 longer."

18 Do you see that?

19 A. Yes.

20 Q. So as of the time of this settlement in  
21 September of 2016, ORS believed that it was likely  
22 that the plants would not be completed by the  
23 projected completion dates in the EPC amendment,  
24 correct?

25 A. Yes. At least Unit 3. It doesn't

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1 specifically say that.

2 Q. That's your recollection, at least concerned  
3 about Unit 3 making it, and this document indicates  
4 maybe both Units 2 and 3?

5 A. Yes.

6 Q. And despite knowing that the current  
7 schedule couldn't be met without substantial  
8 improvements and believing that the units would not  
9 be completed per the guaranteed substantial  
10 completion dates, you supported ORS entering into  
11 this settlement requesting the PSC to approve the  
12 petition with the updated schedule and cost, right?

13 DEFENSE ATTORNEY: Object to the  
14 form.

15 THE WITNESS: I would like to read  
16 the next sentence from my testimony.

17 BY MR. KEEL:

18 Q. Well, first answer my question.

19 A. I think it will answer your question.

20 Q. Well, let's answer my question then you can  
21 read your testimony.

22 A. Repeat your question.

23 MR. KEEL: Read that back, please.

24 (The record was read as requested.)

25 THE WITNESS: We believe that the

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1 settlement agreement was reasonable. And then I  
2 want to read my next sentence.

3 BY MR. KEEL:

4 Q. Hold on a second. I don't think that  
5 answers my question. Let me restate the question.

6 A. Okay.

7 Q. So at the time of entering into this  
8 settlement in September of 2016, ORS was aware that  
9 the projected substantial completion dates could not  
10 be met without substantial improvement on the  
11 project, correct?

12 A. Substantial productivity improvement, yes.

13 Q. And as of September 1st, 2016, ORS was of  
14 the opinion that the plants were not likely to be  
15 completed by the guaranteed substantial completion  
16 dates, correct?

17 A. Yes.

18 Q. Despite that knowledge and belief, the ORS  
19 entered into this settlement agreement which you  
20 supported?

21 A. Yes.

22 Q. And the ORS was recommending that the  
23 petition be approved, correct?

24 A. Yes.

25 Q. Now go ahead and read your statement.

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1           A.    "At this time, ORS is still of the opinion  
2           that the units can be completed within the 18-month  
3           window from the guaranteed substantial completion  
4           dates allowed under the order."

5           **Q.    And then the following sentence says,**  
6           **"However, even a relatively small delay in Unit 3**  
7           **would jeopardized the ability of SCE&G to obtain the**  
8           **production tax credits for that unit."**

9           A.    That's correct.  "ORS does not object to the  
10          approval of revised BLRA milestone schedule and GSCDs  
11          as ORS believes it will take at least this long to  
12          complete the units.  The ORS is concerned regarding  
13          level of uncertainty in the schedule at this time."

14          **Q.    So it's fair to say that at the time of this**  
15          **settlement, the ORS was concerned that the plants**  
16          **wouldn't be completed per the projected schedule,**  
17          **right?**

18          A.    Yes.

19          **Q.    And the ORS knew that there were no**  
20          **guarantees that those plants would be completed by**  
21          **those dates?**

22          A.    Yes.

23          **Q.    But based on the meetings with Westinghouse**  
24          **and all the information you had reviewed by the time**  
25          **of September 2016, you believed you had sufficient**

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1       information to make the determination that the ORS  
2       had entered into this settlement agreement, correct?

3           A.     In the context of all the other things in  
4       the settlement agreement, yes.

5                     (Exhibit No. 8 was marked for  
6                     identification.)

7           Q.     If you turn to page -- first of all, do you  
8       recognize what's been handed to you as Exhibit 8 to  
9       your deposition, Ms. Powell?

10          A.     This looks like a transcript from the 2016  
11       hearing.

12          Q.     And do you recall testifying live at the  
13       2016 hearing?

14          A.     I do.

15          Q.     And if you turn to page 748. And if you  
16       could just read to yourself the back-and-forth  
17       between you and Mr. Guild from 748 through 750,  
18       please.

19          A.     Uh-huh. Yes.

20          Q.     Is it fair to say that this back-and-forth  
21       that you just read through, Mr. Guild was raising  
22       concerns about the possibility of Westinghouse simply  
23       walking away from the project; he's asking you  
24       questions about that, correct?

25          A.     Yes.

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1           Q.    And you responded to him referring to  
2           commitments that you had received from Westinghouse?

3           A.    Yes.

4           Q.    That they were committed to finishing the  
5           project and this was important to their brand, right?

6           A.    Yes.

7           Q.    So at the time of this hearing, October 12,  
8           2016, you believed, based on the representations that  
9           had been made by Westinghouse, that the risk of them  
10          walking away from the project was not something that  
11          should prevent ORS from entering into the settlement  
12          agreement, right?

13          A.    Yes.

14          Q.    You can set that aside.

15                Ms. Powell, since the time of abandonment of  
16          the project, have you had any communications with  
17          anybody who you believed represented the plaintiffs  
18          in the litigation that we're here discussing today?

19          A.    Who are the plaintiffs?

20          Q.    They are the -- the plaintiffs are a class  
21          of ratepayers. Have you ever had any discussions  
22          with any lawyers who you believed represented  
23          plaintiffs in this litigation?

24          A.    No.

25          Q.    Since the time of abandonment, have you ever

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1       **talked with anybody from Santee Cooper?**

2           A.     I may have said hello to someone at a  
3     meeting, shaking someone's hand. I don't recall any  
4     substantial conversations.

5           **Q.     Have you ever had any discussions with**  
6     **anyone from Santee Cooper since abandonment about the**  
7     **V.C. Summer project?**

8           A.     I don't recall any.

9           **Q.     Have you ever had any discussions about the**  
10    **V.C. Summer project with any attorneys that you**  
11    **understood represented Santee Cooper?**

12          A.     Since the abandonment, there is someone that  
13    I can't remember who they represent that was present  
14    at a meeting once. I don't think they were with  
15    Santee Cooper though.

16          **Q.     And what meeting are you referring to?**

17          A.     There were all sorts of meetings going on in  
18    September of 2017. I don't -- I can't remember. I  
19    don't recall talking to anyone from Santee Cooper.

20          **Q.     Or anyone you believed represented Santee**  
21    **Cooper?**

22          A.     No.

23          **Q.     Aside from your own attorneys, have you ever**  
24    **had any discussions with anyone about, since**  
25    **abandonment, about the proceedings relating to the**

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1       **V.C. Summer project?**

2           A.     The FBI.

3           **Q.     Anybody other than the FBI?**

4           A.     No.

5           **Q.     Did you reach out to the FBI or did they**  
6 **reach out to you?**

7           A.     They reached out to me.

8           **Q.     When did that occur?**

9           A.     September of 2017.

10          **Q.     Did you meet with them in person?**

11          A.     Yes.

12          **Q.     What month did you meet with them?**

13          A.     I think it was -- it was either September or  
14 October, I can't remember. It was the end of  
15 September or beginning of October.

16          **Q.     This yellow sheet that you have had in front**  
17 **of you here today, you have been jotting down notes**  
18 **to yourself?**

19          A.     You're welcome to keep it.

20          **Q.     Let's go ahead mark that as Exhibit 9 to her**  
21 **deposition.**

22                       MR. HAMM: Will you hand it to me  
23 first, please?

24                       THE WITNESS: Sure.

25                       (Exhibit No. 9 was marked for

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1                                   identification.)

2       BY MR. KEEL:

3               **Q.     Ms. Powell, earlier today you had made a**  
4       **reference to Interrogatories that you served on SCE&G**  
5       **that you believed would have required production of**  
6       **Bechtel report; is that right?**

7               A.     Yes.

8               **Q.     Can you identify any specific Interrogatory,**  
9       **sitting here today, you believe required production**  
10       **of the Bechtel report?**

11              A.     I haven't looked at those in a long time. I  
12       do recall there was one specific Interrogatory from  
13       our 2016 questions. I think that there are things  
14       looking -- I wasn't involved in the 2016 case, but I  
15       think that there are some Interrogatories in that  
16       case that would have required it as well.

17                    We asked for -- it was engineering reports  
18       and assessments, I think it was, or -- I don't  
19       remember the specific Interrogatory number or the  
20       wording.

21              **Q.     What's the specific one that comes to mind**  
22       **that you said you do recall?**

23              A.     It's the 2015 case, and I think it was one  
24       dash -- I can't remember. It was something like 1-6  
25       to 1-16. It was one of the early ones, and the

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1 question asked specifically for assessments and  
2 engineering or engineering reports.

3 **Q. You believe that was one of the early**  
4 **Interrogatories served in the 2015 petition?**

5 A. I think this was 2016. We asked for any  
6 outside -- I don't have it with me. I'm sorry.

7 **Q. This Interrogatory that you're referring to,**  
8 **is it from a petition that you were part of the**  
9 **review for?**

10 A. This was from a petition that I was part of  
11 the review for. It was the 2016 -- it was not the  
12 petition. This the AIR that we served in March of  
13 2016 when we were reviewing the EPC contract.

14 **Q. And this is an AIR that you recall requested**  
15 **production of engineering reports?**

16 A. I think that was the terminology.

17 **Q. Is there any other Interrogatory that you**  
18 **can recall, sitting here today, that you believe**  
19 **required production of the Bechtel report?**

20 A. I haven't looked at those Interrogatories in  
21 several years specifically.

22 **Q. So the answer is no?**

23 A. No.

24 **Q. Is AIR-132 from the 2016 petition the one**  
25 **that you're referring to?**

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1           A.     It could be.  If you let me read it, I  
2     will --

3           **Q.     Bear with me here for a second.**

4           A.     Sure, no problem.

5                     (Exhibit No. 10 was marked for  
6                     identification.)

7           **Q.     Ms. Powell, you have just been handed what**  
8     **has been marked Exhibit 10 to your deposition.  Do**  
9     **you recognize this document?**

10          A.     Yes.

11          **Q.     And is this the Interrogatory you referred**  
12     **to earlier today?**

13          A.     I believe so, yes.

14          **Q.     So if you read the title of this document,**  
15     **it states that it is "South Carolina Electric & Gas**  
16     **Company, Office of Regulatory Staff's First Audit**  
17     **Information Request, October 15 Amendments to the**  
18     **Engineering Procurement and Construction Contract**  
19     **Related to the Construction of a Nuclear Baseload**  
20     **Generation Facility at Jenkinsville, South Carolina."**

21                     Do you see that.

22          A.     Yes.

23          **Q.     So these are requests that were submitted**  
24     **about the October 15 EPC amendments, right?**

25          A.     Yes.

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1           Q.    And the Request 1-32, the first sentence  
2           states, "Has SCE&G decided to retain the services of  
3           a project consultant as allowed in the agreement?"

4                   Do you see that?

5           A.    Yes.

6           Q.    And you understand that to be a reference to  
7           the EPC amendment agreement as reflected in the  
8           overall purpose of the request?

9           A.    Yes.

10                   MR. KEEL:  I have no further  
11           questions, Ms. Powell.  Thank you very much for  
12           your time.

13                   THE WITNESS:  Okay.

14                   MR. KEEL:  These gentlemen may ask  
15           you some question, and lady.

16                   MR. KOLB:  Can we take a  
17           five-minute break?

18                   MR. KEEL:  Sure.

19                   THE VIDEOGRAPHER:  Off the record  
20           at 2:00 p.m.

21                           (A recess was taken.)

22                   THE VIDEOGRAPHER:  On the record  
23           at 2:02 p.m.

24                   MR. KOLB:  Wade Kolb on behalf of  
25           the ORS.  No questions from us.

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1 MS. FICKLING: Jessica Fickling on  
2 behalf of the Plaintiff Class. No questions from  
3 us.

4 MR. KEEL: And then I think we're  
5 done here. Ms. Powell, thank you very much for  
6 your time.

7 THE WITNESS: All right. Thank  
8 you.

9 THE VIDEOGRAPHER: This concludes  
10 today's deposition of Allyn Powell. We're off  
11 the record at 2:02 p.m.

12 (The deposition concluded at 2:02 p.m.)  
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1 STATE OF SOUTH CAROLINA

2 COUNTY OF GREENVILLE

3 REPORTER'S CERTIFICATE

4 I, Rebecca L. Arrison, a Notary Public in and for  
5 the State of South Carolina, do hereby certify that  
6 there came before me on the 26th day of October, 2018,  
7 the person hereinbefore named, who was by me duly  
8 sworn to testify to the truth and nothing but the  
9 truth of his knowledge concerning the matters in  
10 controversy in this cause; that the witness was there  
11 upon examined under oath, the examination reduced to  
12 typewriting under my direction, and the deposition is  
13 a true record of the testimony given by the witness.

14 I further certify that I am neither attorney or  
15 counsel for, nor related to or employed by, any  
16 attorney or counsel employed by the parties hereto or  
17 financially interested in the action.

18 IN WITNESS WHEREOF, I have hereto set my hand,  
19 this 5th day of November, 2018.

20

21

22

23

24

25



Rebecca L. Arrison, Notary Public

My Commission Expires: 3/28/2027

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1                                   A-T-T-E-S-T-A-T-I-O-N

2    In Re:   Lightsey, et al. v. SCE&G, et al.

3    Deposition of:   Allyn Powell

4    Date Taken:   October 26, 2018

5    Taken Before:   Rebecca Arrison

6

7    Having read my statement, no changes are necessary.

8    Signed: \_\_\_\_\_

9    Having read my statement, I make these corrections.

10   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

11   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

12   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

13   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

14   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

15   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

16   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

17   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

18   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

19   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

20   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

21   Page \_\_\_\_\_ Line \_\_\_\_\_ Correction \_\_\_\_\_

22   Sworn to and subscribed before me this \_\_\_\_\_ day of

23   \_\_\_\_\_, \_\_\_\_\_ County, South

24   Carolina. My commission expires \_\_\_\_\_.

25

# DEPOSITION OF ALLYN POWELL

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BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA  
DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E

In Re: Friends of the Earth and Sierra Club,  
Complainants/Petitioners v. South Carolina  
Electric & Gas Company,  
Defendant/Respondent

In Re: Request of the Office of Regulatory  
Staff for Rate Relief to South Carolina  
Electric & Gas Company's Rates Pursuant to  
S.C. Code Ann. § 58-27-920

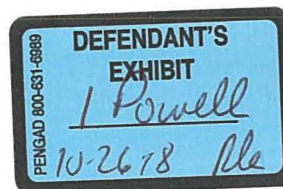
In Re: Joint Application and Petition of South  
Carolina Electric & Gas Company and  
Dominion Energy, Inc., for review and  
approval of a proposed business combination  
between SCANA Corporation and Dominion  
Energy, Inc., as may be required, and for a  
prudency determination regarding the  
abandonment of the V.C. Summer Units 2 &  
3 Project and associated customer benefits  
and cost recovery plan.

**ORS'S ANSWERS TO FIRST SET OF  
REQUESTS FOR ADMISSION, SECOND  
SET OF INTEROGATORIES, AND  
SECOND SET OF REQUESTS FOR  
PRODUCTION OF DOCUMENTS  
(AMENDED)**

TO: ATTORNEYS FOR SOUTH CAROLINA ELECTRIC & GAS COMPANY:

**GENERAL OBJECTIONS TO THE REQUESTS FOR ADMISSIONS BELOW**

1. The South Carolina Office of Regulatory Staff ("ORS") objects to the requests for admission because they purport to require the identification of a "responsible person" in response to each request for admission. Rule 36 of the SCRCF does not require a party to identify a "responsible person" in response to each request for admission.
2. The ORS objects to the definition of the ORS as including its "predecessors, subsidiaries, related entities" and former directors and former employees as unwarranted and beyond the discovery obligations of the SCRCF.



3. The ORS objects to the requests for admission because they demand a response within 20 days of service. Commission regulations do not reference requests for admission, thus, requests for admission are governed by SCRCP 36, which permit 30 days to respond.

### **RESPONSES TO REQUESTS FOR ADMISSION**

**Request for Admission 1-1:** Admit that during August 2015, you were aware that Bechtel was assessing the NND Project.

**Response to Request for Admission 1-1:** Denied.

**Request for Admission 1-2:** Admit that during September 2015, you were aware that Bechtel was conducting an assessment of the NND Project.

**Response to Request for Admission 1-2:** Denied.

**Request for Admission 1-3:** Admit that you knew about the existence of the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-3:** Denied.

**Request for Admission 1-4:** Admit that you had been informed of some or all of the findings set forth in the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-4:** ORS objects to this Request for Admission because the phrase "some or all of the findings" is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what "findings" the request refers to and whether the admission is for knowledge of some or all of such findings. Denied as to the 2015 Bechtel Report.

**Request for Admission 1-5:** Admit that you knew about the existence of the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-5:** Denied.

**Request for Admission 1-6:** Admit that you knew about some or all of the findings set forth in 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-6:** ORS objects to this Request for Admission because the phrase "some or all of the findings" is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what "findings" the request refers to and whether the admission is for knowledge of some or all of such findings. Denied as to the 2016 Bechtel Report.

**Request for Admission 1-7:** Admit that you were aware of each of the challenges to the NND Project that are set forth in the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-7:** ORS objects to this Request for Admission because the phrase "each of the challenges" is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what "challenges" the request refers to and whether the admission is for awareness of some or all of such "challenges." Denied as to the 2016 Bechtel Report.

**Request for Admission 1-8:** Admit that Santee Cooper informed you about the existence of the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-8:** Denied.

**Request for Admission 1-9:** Admit that Santee Cooper informed you of the findings set forth in the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-9:** Denied.

**Request for Admission 1-10:** Admit that Santee Cooper informed you about the existence of the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-10:** Denied.

**Request for Admission 1-11:** Admit that Santee Cooper informed you of the findings set forth in the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-11:** ORS objects to this Request for Admission because the term “findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “findings” the request refers to and whether the admission is for information of some or all of such findings. Denied as to the 2016 Bechtel Report.

**Request for Admission 1-12:** Admit that ECSC informed you about the existence of the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-12:** Denied.

**Request for Admission 1-13:** Admit that ECSC informed you of the findings set forth in the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-13:** ORS objects to this Request for Admission because the term “findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “findings” the request refers to and whether the admission is for information of some or all of such findings. Denied as to the 2015 Bechtel Report.

**Request for Admission 1-14:** Admit that ECSC informed you about the existence of the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-14:** Denied.

**Request for Admission 1-15:** Admit that ECSC informed you of the findings set forth in the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-15:** ORS objects to this Request for Admission because the term “findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because

it is not clear what “findings” the request refers to and whether the admission is for information of some or all of such findings. Denied as to the 2016 Bechtel Report.

**Request for Admission 1-16:** Admit that Central Electric informed you about the existence of the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-16:** Denied.

**Request for Admission 1-17:** Admit that Central Electric informed you of the findings set forth in the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-17:** ORS objects to this Request for Admission because the term “findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “findings” the request refers to and whether the admission is for information of some or all of such findings. Denied as to the 2015 Bechtel Report.

**Request for Admission 1-18:** Admit that Central Electric informed you about the existence of the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-18:** Denied.

**Request for Admission 1-19:** Admit that Central Electric informed you of the findings set forth in the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

**Response to Request for Admission 1-19:** ORS objects to this Request for Admission because the term “findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “findings” the request refers to and whether the admission is for information of some or all of such findings. Denied as to the 2016 Bechtel Report.

**Request for Admission 1-20:** Admit that that at SCE&G's request, you were reviewed and proposed changes to a draft of the BLRA before it was introduced before the General Assembly of the State of South Carolina.

**Response to Request for Admission 1-20:** ORS objects to this Request for Admission because the phrase “you were reviewed” is vague, ambiguous, unclear and imprecise. ORS assumes the request means “you reviewed” rather than “you were reviewed.” Subject to this clarification, admitted.

**Request for Admission 1-21:** Admit that that you were actively involved in the drafting and review of the BLRA while it was being proposed and considered by the General Assembly of the State of South Carolina.

**Response to Request for Admission 1-21:** ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the phrase “actively involved” is vague, ambiguous, unclear and imprecise, and open to multiple subjective interpretations.

**Request for Admission 1-22:** Admit that that you proposed a number of provision and amendments to the draft of the BLRA which were incorporated into the final draft of the BLRA.

**Response to Request for Admission 1-22:** ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the request regarding “a number of provision and amendments” is vague, ambiguous, unclear, imprecise, and open to multiple subjective interpretations.

**Request for Admission 1-23:** Admit that that key leaders of the General Assembly indicated that the BLRA would not advance through committee and subcommittee without your approval as to its terms.

**Response to Request for Admission 1-23:** ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, "the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown." ORS also objects to this Request for Admission because the phrase "key leaders of the General Assembly" is vague, ambiguous, unclear and imprecise.

**Request for Admission 1-24:** Admit that that the changes you proposed to the draft of the BLRA which were incorporated into the final draft of the BLRA included additional protections for customers, additional resources for your oversight of projects, and provisions imposing clear burdens of proof on the utility.

**Response to Request for Admission 1-24:** ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, "the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown."

**Request for Admission 1-25:** Admit that that you publicly spoke in favor of the adoption of the BLRA before committees and subcommittees of the General Assembly of the State of South Carolina.

**Response to Request for Admission 1-25:** ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, "the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts,

except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the phrase “you publicly spoke” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations.

**Request for Admission 1-26:** Admit that that you never raised any concerns about the constitutionality of the BLRA while it was being considered by the General Assembly of the State of South Carolina.

**Response to Request for Admission 1-26:** ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the phrase “raised any concerns” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations.

**Request for Admission 1-27:** Admit that that you never raised any concerns about the constitutionality of the BLRA prior to March 28, 2017.

**Response to Request for Admission 1-27:** ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the phrase “key leaders of the General Assembly” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS also objects to this Request for Admission because the phrase “raised any concerns” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations.

### **GENERAL OBJECTIONS TO THE INTERROGATORIES BELOW**

1. The South Carolina Office of Regulatory Staff ("ORS") interprets the request for identification of a "responsible person" as a request that the responses be "subscribed by an appropriate verification." See 10 S.C. Ann. Regs. 103-833(C). Thus, the ORS has provided appropriate verification at the end of these responses.
2. The ORS objects to the definition of the ORS as including its "predecessors, subsidiaries, related entities" and former directors and former employees as unwarranted and beyond discovery obligations.

### **INTERROGATORY RESPONSES**

**Interrogatory 1-1:** State with specificity the date on which you first learned that Bechtel was conducting a review of the NND Project.

**Response to Interrogatory 1-1:** ORS objects to this interrogatory because the term "you first learned" is ambiguous and open to multiple interpretations in this context. Subject to and without waiver of the foregoing objections, ORS states that in early 2015 Gary Jones learned from Skip Smith that SCE&G was considering candidates to perform an independent overall assessment. However, Mr. Jones was never informed that SCE&G had decided to go forward with the assessment. At the NND/ORS monthly meeting on August 26, 2015, Gene Sault was only informed that SCE&G's legal office was handling an external review; and at that time, he did not know the identity of the external reviewer or any information about the scope of the review. On October 15, 2015, Mr. Sault attended a plan of the day ("POD") session in which an unknown individual made comments that indicated he had participated in an assessment of the project. As the individual finished his statement, he and another unknown

individual picked up hats which were labeled with "Bechtel." This event made Mr. Soult think that Bechtel may have conducted some type of review of the project.

Mr. Soult mentioned the statement at the POD session to ORS staff, which led Mr. Jones to make the following entry on the agenda for the October 27, 2015 ORS/NND meeting: "Discuss the Status of the Bechtel Assessment and the top ten issues noted thus far" and to request a copy of the written report from the assessment. In response, some SCE&G representatives stated that they "don't know anything" and were "not briefed by Management." Mr. Smith advised Mr. Jones that Bechtel had performed a high-level overview, had only discussed the review with senior executives, and that he was not aware of the scope or results of Bechtel's assessment and would probably not become privy to that information. Mr. Smith also stated that there were no written reports and that none were planned.

The topic was again brought up at the November 17, 2015 Commercial Review Session, and SCE&G representatives again stated they were not involved and had no news regarding any such assessment. ORS again asked about a report or assessment at a later ORS/NND meeting, and the NND-GM stated "it was not SCE&G's report, it belonged to Santee Cooper."

On March 4, 2016, ORS sent the following Audit Information Request pursuant to S.C. Code Ann. § 58-4-55, 58-27-160, 58-27-1570, 58-33-230, and 58-33-277 to SCE&G that should have caused Bechtel's work and reports to be identified, but it was not:

Request 1-32: Has SCE&G decided to retain the services of a Project Consultant as allowed in the Agreement? What are the costs associated with these services? Are these costs included in the current estimate of the Owner's Cost? Has a contract been awarded? If so, to whom? If this decision has not yet been made, please advise the target schedule for making a decision or implementing this service.

On March 24, 2016, SCE&G responded to Request 1-32:

Yes. SCE&G has decided to retain the services of at least two project consultants for consultation as to the process for the selection of construction payment milestones. One of the consultants, Work Management, Inc., has already performed its services, and SCE&G expects that the cost of those services will be less than \$ 5,000. The second company has not yet signed a contract or provided any services, but the costs should not exceed \$25,000. There are sufficient funds in the Owner's Cost category to cover these amounts.

On June 24, 2016, SCE&G provided a supplemental response to Request 1-32:

SCE&G retained the consulting services of Work Management, Inc., concerning the selection of construction payment milestones. These consulting services were provided at no cost to SCE&G. With regard to the second consultant company referenced in Response 1-32, SCE&G has elected not to pursue the hiring of this company.

Although the objectives stated in all known versions of the Bechtel Report show that Bechtel was operating as a project consultant, Bechtel was not included in the answer to these requests. On or about August 22, 2017, SCANA and Santee Cooper officials admitted publicly for the first time that Bechtel performed an assessment and a report was prepared. A SCANA representative then stated that the Bechtel report was confidential and privileged.

**Interrogatory 1-2:** Identify the person(s) from whom you first learned about the existence of Bechtel's review of the NND Project.

**Response to Interrogatory 1-2:** See Response to Interrogatory 1-1.

**Interrogatory 1-3:** State with specificity the date on which you first learned about the existence of the 2015 Bechtel Report. For purposes of this Interrogatory and the interrogatories that follow it, the 2015 Bechtel Report refers specifically to "Project Assessment Report" written by Bechtel and dated November 9, 2015, not the fact that Bechtel was conducting a review of the NND Project.

**Response to Interrogatory 1-3:** See Response to Interrogatory 1-1. ORS first learned of the existence of the 2015 Bechtel Report during interviews with the Federal Bureau of Investigation, which occurred after September 2017.

**Interrogatory 1-4:** Identify the person(s) from whom you first learned about the existence of the 2015 Bechtel Report.

**Response to Interrogatory 1-4:** See Response to Interrogatory 1-1 and 1-3.

**Interrogatory 1-5:** Identify the manner in which you learned about the existence of the 2015 Bechtel Report (*e.g.,* phone call, e-mail, in-person meeting).

**Response to Interrogatory 1-5:** See Response to Interrogatory 1-1 and 1-3.

**Interrogatory 1-6:** State with specificity the date on which you first learned about the existence of the 2016 Bechtel Report. For purposes of this Interrogatory and the interrogatories that follow it, the 2016 Bechtel Report refers specifically to "Project Assessment Report" written by Bechtel and dated February 5, 2016, not the fact that Bechtel was conducting a review of the NND Project.

**Response to Interrogatory 1-6:** See Response to Interrogatory 1-1. Upon information and belief, ORS first learned of the existence of the 2016 Bechtel Report, and ultimately obtained the 2016 Bechtel Report, after the Senate hearing in which SCE&G was first asked about the report. ORS asked SCE&G counsel for the report but was told it was privileged and would not be provided. ORS obtained the 2016 Bechtel report by downloading it from the Post and Courier newspaper website on or about September 4, 2017.

**Interrogatory 1-7:** Identify the person(s) from whom you first learned about the existence of the 2016 Bechtel Report.

**Response to Interrogatory 1-7:** See Response to Interrogatory 1-1 and 1-6.

**Interrogatory 1-8:** Identify the manner in which you learned about the existence of the 2016 Bechtel Report (*e.g.,* phone call, e-mail, in-person meeting).

**Response to Interrogatory 1-8:** See Response to Interrogatory 1-1 and 1-6.

**Interrogatory 1-9:** State with specificity the date on which you were first informed of any of the findings set forth in the 2015 Bechtel Report.

**Response to Interrogatory 1-9:** ORS objects to this Interrogatory because the phrase "any of the findings" is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS cannot answer the Interrogatory without specification of what "findings" SCE&G is referring to.

**Interrogatory 1-10:** Identify the person(s) from whom you first learned about any of the findings set forth in the 2015 Bechtel Report.

**Response to Interrogatory 1-10:** See objections to Interrogatory 1-9. As to the Report, see Response to Interrogatory 1-1, 1-3 and 1-6.

**Interrogatory 1-11:** Identify the manner in which you learned about any of the findings set forth in the 2015 Bechtel Report (*e.g.*, phone call, e-mail, in-person meeting).

**Response to Interrogatory 1-11:** See objections to Interrogatory 1-9. As to the Report, see Response to Interrogatory 1-1, 1-3 and 1-6.

**Interrogatory 1-12:** State with specificity the date on which you were first informed of any of the findings set forth in 2016 Bechtel Report.

**Response to Interrogatory 1-12:** See objections to Interrogatory 1-9. As to the Report, see Response to Interrogatory 1-1, 1-3 and 1-6.

**Interrogatory 1-13:** Identify the person(s) from whom you first learned about any of the findings set forth in the 2016 Bechtel Report.

**Response to Interrogatory 1-13:** See objections to Interrogatory 1-9. As to the Report, see Response to Interrogatory 1-1, 1-3 and 1-6.

**Interrogatory 1-14:** Identify the manner in which you learned about any of the findings set forth in the 2016 Bechtel Report (*e.g.*, phone call, e-mail, in-person meeting).

**Response to Interrogatory 1-14:** See objections to Interrogatory 1-9. As to the Report, see Response to Interrogatory 1-1, 1-3 and 1-6.

**Interrogatory 1-15:** State with specificity the date on which you first reviewed any portion of the 2015 Bechtel Report.

**Response to Interrogatory 1-15:** See Response to Interrogatory 1-1 and 1-3.

**Interrogatory 1-16:** State with specificity the date on which you first reviewed any portion of the 2016 Bechtel Report.

**Response to Interrogatory 1-16:** See Response to Interrogatory 1-1 and 1-6. On May 16, 2018, ORS requested the standalone Bechtel Schedule Report and was told it was privileged. (See NND Request; RCT-06).

**Interrogatory 1-17:** Describe with particularity the source of information and the manner in which you obtained the information which lead you to include as part of your "SCE&G VC Summer Units 2 & 3 October 27 & 28, 2015 Site Visit" the following: "Discuss the Status of the Bechtel Assessment and the top ten issues noted thus far."

**Response to Interrogatory 1-17:** See Response to Interrogatory 1-1.

**Interrogatory 1-18:** Describe with particularity why the following entry, "Discuss the Status of the Bechtel Assessment and the top ten issues noted thus far" was removed from the ORS/SCE&G monthly agenda for the monthly oversight meeting between SCE&G and ORS that followed the October 27 & 28, 2015 Site Visit monthly meeting.

**Response to Interrogatory 1-18:** See Response to Interrogatory 1-1.

**Interrogatory 1-19:** Describe with particularity why you did not pursue the further inquiry concerning "the Status of the Bechtel Assessment" after it was removed from the ORS/SCE&G monthly agenda.

**Response to Interrogatory 1-19:** See Response to Interrogatory 1-1.

**Interrogatory 1-20:** Did anyone who was present in the October 27 & 28, 2015 Site Visit monthly oversight meeting between ORS and SCE&G ever raise the issue of the Bechtel Assessment with C. Dukes Scott? If so, when? Describe with particularity his response.

**Response to Interrogatory 1-20:** ORS does not know.

**Interrogatory 1-21:** Did anyone who was present in the October 27 & 28, 2015 Site Visit monthly oversight meeting between ORS and SCE&G ever raise the issue of the Bechtel Assessment with Nanette S. Edwards? If so, when? Describe with particularity his response.

**Response to Interrogatory 1-21:** Not prior to preparation in this litigation, subject to attorney-client privilege and work product protection.

**Interrogatory 1-22:** To the extent that you deny Request for Admission 1-5, please set forth with particularity each and every challenge faced by the NND Project, as set forth in the 2016 Bechtel Report, that was not known to you prior to the hearing held in the 2016 NND Update Docket.

**Response to Interrogatory 1-22:** ORS objects to this Interrogatory because the phrase "each and every challenge" is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS cannot answer the Interrogatory without specification of what "challenges" SCE&G is referring to.

**Interrogatory 1-23:** State with specificity the dates on which you met with Santee Cooper between January 1, 2015, and December 31, 2016.

**Response to Interrogatory 1-23:** ORS objects to this Interrogatory because the phrase "met with" is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, ORS states that ORS records show that officials

from ORS did not have any in-person meetings with Santee Cooper between January 1, 2015, and December 31, 2016, regarding the BLRA or the NND Project.

**Interrogatory 1-24:** Please identify the persons who attended each of your meetings with Santee Cooper between January 1, 2015, and December 31, 2016.

**Response to Interrogatory 1-24:** ORS objects to this Interrogatory because the phrase "meetings" is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, ORS states that ORS records show that ORS did not have any in-person meetings with Santee Cooper between January 1, 2015, and December 31, 2016, regarding the BLRA or the NND Project.

**Interrogatory 1-25:** State with specificity the dates on which you met with ECSC between January 1, 2015, and December 31, 2016.

**Response to Interrogatory 1-25:** ORS objects to this Interrogatory because the phrase "met with" is vague, ambiguous, unclear, imprecise, and open to multiple subject interpretations. Subject to and without waiver of the foregoing objections, ORS states that ORS records show that officials from ORS had in-person meetings with officials from ECSC regarding the NND Project generally every month.

**Interrogatory 1-26:** Please identify the persons who attended each of your meetings with ECSC in 2015 between January 1, 2015, and December 31, 2016.

**Response to Interrogatory 1-26:** ORS objects to this Interrogatory because the phrase "meetings" is vague, ambiguous, unclear, imprecise, and open to multiple subjective interpretations. Subject to and without waiver of the foregoing objections, ORS states generally the following ORS officials were present at in-person meetings regarding the NND Project with

officials from ECSC: Dukes Scott, Gary Jones, and Allyn Powell. On an irregular basis, Nanette Edwards, Anthony James, and Shannon Hudson also attended for ORS.

**Interrogatory 1-27:** State with specificity the date on which you met with Central Electric between January 1, 2015, and December 31, 2016.

**Response to Interrogatory 1-27:** ORS objects to this Interrogatory because the phrase “met with” is vague, ambiguous, unclear, imprecise, and open to multiple subjective interpretations. Subject to and without waiver of the foregoing objections, ORS states that ORS records show that officials from ORS had in-person meetings with officials from Central Electric regarding the NND Project generally every month.

**Interrogatory 1-28:** Please identify the persons who attended each of your meetings with Central Electric between January 1, 2015, and December 31, 2016.

**Response to Interrogatory 1-28:** ORS objects to this Interrogatory because the phrase “meetings” is vague, ambiguous, unclear, imprecise, and open to multiple subjective interpretations. Subject to and without waiver of the foregoing objections, ORS states generally the following ORS officials were present at in-person meetings regarding the NND Project with officials from Central Electric: Dukes Scott, Gary Jones, and Allyn Powell. On an irregular basis, Nanette Edwards, Anthony James, and Shannon Hudson also attended for ORS.

**Interrogatory 1-29:** State with specificity the date on which Santee Cooper first informed you of the findings set forth in the 2015 Bechtel Report.

**Response to Interrogatory 1-29:** ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, see Response to Interrogatory 1-1 and 1-3.

**Interrogatory 1-30:** State with specificity the date on which Santee Cooper first informed you of the findings set forth in the 2016 Bechtel Report.

**Response to Interrogatory 1-30:** ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, see Response to Interrogatory 1-1 and 1-6.

**Interrogatory 1-31:** State with specificity the date on which ECSC first informed you of the findings set forth in the 2015 Bechtel Report.

**Response to Interrogatory 1-31:** ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, ECSC did not inform ORS of any information in the 2015 Bechtel Report. See Response to Interrogatory 1-1 and 1-3.

**Interrogatory 1-32:** State with specificity the date on which ECSC first informed you of the findings set forth in the 2016 Bechtel Report.

**Response to Interrogatory 1-32:** ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, ECSC did not inform ORS of any information in the 2016 Bechtel Report. See Response to Interrogatory 1-1 and 1-6.

**Interrogatory 1-33:** State with specificity the date on which Central Electric first informed you of the findings set forth in the 2015 Bechtel Report.

**Response to Interrogatory 1-33:** ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, Central Electric did not inform ORS of any information in the 2015 Bechtel Report. See Response to Interrogatory 1-1 and 1-3.

**Interrogatory 1-34:** State with specificity the date on which Central Electric first informed you of the findings set forth in the 2016 Bechtel Report.

**Response to Interrogatory 1-34:** ORS objects to this Interrogatory because the term "findings" is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, Central Electric did not inform ORS of any information in the 2016 Bechtel Report. See Response to Interrogatory 1-1 and 1-6.

**Interrogatory 1-35:** Identify every party with whom you contend you have, or have had, a joint defense agreement or a common interest agreement with respect to any of the following actions:

1. The Prudency of Abandonment Case
2. The Prudency Determination Case
3. The Rate Relief Case
4. The Merger Approval Case

**Response to Interrogatory 1-35:** ORS objects because the interrogatory seeks information not relevant to the issues in these proceedings. Subject to and without waiver of the foregoing objections, ORS states that it believes it has a common interest with every party in the identified proceedings except for SCE&G, Dominion Energy, and Santee Cooper.

**Interrogatory 1-36:** State with specificity the date on which you contend each joint defense agreement or common interest agreement identified in response to Interrogatory 1-29 was entered into.

**Response to Interrogatory 1-36:** ORS objects because the interrogatory seeks information not relevant to the issues in these proceedings. ORS objects because Interrogatory 1-29 does not reference any joint defense agreement or common interest agreement. Subject to and without waiver of the foregoing objections and assuming the Interrogatory intends to reference

Interrogatory 1-35, ORS states that it believes the common interest has existed since abandonment and the outset of the litigation.

**Interrogatory 1-37:** Identify and describe every presentation that you made to the SCEUC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Interrogatory 1-37:** ORS objects to this Interrogatory because the phrase "presentation" is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS also objects because the interrogatory is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections and pursuant to SCRCP 33(c), see PowerPoint presentations enclosed.

**Interrogatory 1-38:** Identify and describe every presentation that you made to the PURC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Interrogatory 1-38:** ORS objects to this Interrogatory because the phrase "presentation" is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS also objects because the interrogatory is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections and pursuant to SCRCP 33(c), ORS is searching its records for any presentations made to PURC.

**Interrogatory 1-39:** Identify and describe every presentation that you made to the Energy Advisory Council at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Interrogatory 1-39:** ORS objects to this Interrogatory because the phrase "presentation" is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS

also objects because the interrogatory is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections, ORS is not currently aware of any such presentations but will supplement this response if it becomes aware of any such presentations.

**Interrogatory 1-40:** Identify and describe every presentation that you made to the LCI Committee or any of its subcommittees at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Interrogatory 1-40:** ORS objects to this Interrogatory because the phrase "presentation" is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS also objects because the interrogatory is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections, ORS is not currently aware of any such presentations but will supplement this response if it becomes aware of any such presentations.

**Interrogatory 1-41:** Identify and describe every report, letter, briefing paper, or other communication that you made or sent to the PURC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Interrogatory 1-41:** ORS objects to this Interrogatory on the ground that it is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections and pursuant to SCRC 33(c), ORS will produce non-privileged and public accountability reports, PURC reports and Review letters that reference the NND Project.

**Interrogatory 1-42:** Identify and describe every report, letter, briefing paper, or other communication that you made or sent to the Energy Advisory Council at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Interrogatory 1-42:** ORS objects to this Interrogatory on the ground that it is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections,

ORS is not currently aware of any such reports but will supplement this response if it becomes aware of any such reports.

**Interrogatory 1-43:** Identify and describe every report, letter, briefing paper, or other communication that you made or sent to the LCI Committee or any of its subcommittees at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Interrogatory 1-43:** ORS objects to this Interrogatory on the ground that it is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections, ORS is not currently aware of any such reports but will supplement this response if it becomes aware of any such reports.

**Interrogatory 1-44:** Identify and describe every report, letter, briefing paper, or other communication that you made or sent to the Governor's Office or the Governor of the State of South Carolina at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Interrogatory 1-44:** ORS objects to this Interrogatory on the ground that it is overbroad and unduly burdensome. ORS further objects on the ground of the common interest extension of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that "the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown." SCE&G's prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-45:** Identify and describe every communication that you have had with any of the following regarding the Prudency of Abandonment Case:

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Interrogatory 1-45:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-46:** Identify and describe every communication that you have had with any of the following regarding the Prudency Determination Case:

1. The Governor of South Carolina

2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Interrogatory 1-46:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-47:** Identify and describe every communication that you have had with any of the following regarding the Rate Relief Case:

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC

6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Interrogatory 1-47:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCF 33(b)(9) provides that "the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown." SCE&G's prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-48:** Identify and describe every communication that you have had with any of the following regarding the Merger Approval Case:

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA

7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Interrogatory 1-48:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRPC 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request. .

**Interrogatory 1-49:** Identify and describe every communication that you have had with any of the following regarding the NND Project:

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Interrogatory 1-49:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-50:** Identify and describe every communication that you have had with any of the following regarding the Act No. 285 and the bills:

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Interrogatory 1-50:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-51:** Identify and describe each and every presentation that you made to each of the following between March 30, 2009, and the present, in which the NND Project was discussed.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly

**Response to Interrogatory 1-51:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories

(including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-52:** Identify and describe each and every presentation that you made to each of the following between January 1, 2008, and the present, in which the BLRA was discussed.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly

**Response to Interrogatory 1-52:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that "the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown." SCE&G's prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-53:** Identify and describe each and every presentation that you made to each of the following between January 1, 2015, and the present, in which the Clean Power Plan was discussed.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina

3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Interrogatory 1-53:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-54:** Identify and describe every communication in which you raised any concerns about the constitutionality of the BLRA prior to March 28, 2017.

**Response to Interrogatory 1-54:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work

product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-55:** Identify and describe every communication in which you stated that completion of the Project would not be in customers' best interest prior to March 28, 2017.

**Response to Interrogatory 1-55:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-56:** Identify and describe every communication in which you stated that completion of the Project would be in customers' best interest before or after March 28, 2017.

**Response to Interrogatory 1-56:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories

(including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-57:** Identify and describe every communication in which you identify or describe the benefits of the Project for SCE&G's customers or the State of South Carolina.

**Response to Interrogatory 1-57:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that "the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown." SCE&G's prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

**Interrogatory 1-58:** Identify and describe every communication in which you identify or describe the benefits of the BLRA for electric customers or the State of South Carolina.

**Response to Interrogatory 1-58:** ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that "the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown." SCE&G's prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

**GENERAL OBJECTIONS TO THE REQUESTS FOR PRODUCTION BELOW**

1. The South Carolina Office of Regulatory Staff ("ORS") interprets the request for identification of a "responsible person" as a request that the responses be "subscribed by an appropriate verification." See 10 S.C. Ann. Regs. 103-833(C). Thus, the ORS has provided appropriate verification at the end of these responses.
2. The ORS objects to the definition of the ORS as including its "predecessors, subsidiaries, related entities" and former directors and former employees. The rules provide that a party is only required to produce documents "which are in the possession, custody or control of the party upon whom the request is served." SCRCP 34(a).

In addition to these general objections, ORS does not intend by producing any documents or information to waive by production any privilege or protection associated with documents that are otherwise privileged or protected. In the event that documents ORS deems privileged or otherwise protected are produced, the production, unless otherwise expressly stated to the contrary in writing at the time of production, is inadvertent and shall be deemed to be null, void, and of no legal consequence. In addition, SCE&G's and Dominion's attorneys are directed to refrain from reading or copying any such document if they have been advised of the nature of the document by ORS, or, if they have not been so advised, are directed to refrain from reading or copying any such document beyond the point of discovery or reasonably should know of the privileged or protected nature of such document. SCE&G's and Dominion's attorneys are further directed to return each such document without making copies or divulging the contents to any person, including but not limited to SCE&G and Dominion.

No disclosure of documents or information protected by the attorney-client privilege, the work product doctrine, or any other privilege or protection from disclosure is intended to or shall

result in a waiver of the privilege or protection except under the circumstances provided in SCRC P 26(b)(5)(B) and Federal Rule of Evidence 502. In the event of any unintentional or inadvertent disclosure of material subject to a claim of privilege or protection from disclosure, the parties agree that all paper and electronic copies of such material (including paper or electronic copies of such material provided to the receiving party's counsel, experts, consultants, or vendors) shall be destroyed or returned to the party who produced it within ten (10) business days after receiving written notice from the producing party of the unintentional or inadvertent disclosure.

### **RESPONSES TO REQUESTS FOR PRODUCTION**

Subject to these objections and preservation of inadvertent disclosure of protected and privileged documents, ORS responds to SCE&G's Request for Productions as follows:

**Request for Production 1-1:** Produce copies of every joint defense agreement or common interest agreement that you entered into with at least one of the following:

1. Friends of the Earth
2. Sierra Club
3. Central Electric
4. ECSC

for the period between January 1, 2015, and the present, related to the Prudency of Abandonment Case, the Prudency Determination Case, the Rate Relief Case, or the Merger Approval Case.

**Response to Request for Production 1-1:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the basis of the common interest doctrine extension of the

attorney-client privilege. ORS objects on the ground that a common interest agreement does not need to be reduced to writing. Based on these objections, ORS will not produce documents in response to the request.

**Request for Production 1-2:** Produce all documents and communications, including e-mails, that you contend evidence the existence of a joint defense agreement or a common interest agreement between you and at least one of the following:

1. Friends of the Earth
2. Sierra Club
3. Central Electric
4. ECSC

for the period between January 1, 2015, and the present, related to the Prudency of Abandonment Case, the Prudency Determination Case, the Rate Relief Case, or the Merger Approval Case.

**Response to Request for Production 1-2:** See Response to Request 1-1.

**Request for Production 1-3:** Produce copies of every joint defense agreement or common interest agreement that you entered into with any party related to at least one of the following:

1. The Prudency of Abandonment Case
2. The Prudency Determination Case
3. The Rate Relief Case
4. The Merger Approval Case

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-3:** See Response to Request 1-1.

**Request for Production 1-4:** Produce all documents and communications, including e-mails, that you contend evidence the existence of a joint defense agreement or a common interest agreement between you and any other party related to at least one of the following:

1. The Prudency of Abandonment Case
2. The Prudency Determination Case
3. The Rate Relief Case
4. The Merger Approval Case

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-4:** See Response to Request 1-1.

**Request for Production 1-5:** Produce copies of all documents related to any communications between you and Friends of the Earth that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-5:** See Response to Request 1-1. ORS also objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and any member of the Friends of the Earth that relate to” any of 11 different issues. Based on the foregoing objections, ORS will not respond to this request.

**Request for Production 1-6:** Produce copies of all documents related to any communications between you and Sierra Club that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-6:** See Response to Request 1-5.

**Request for Production 1-7:** Produce copies of all documents related to any communications between you and ECSC that relate to any of the following issues:

1. SCE&G
2. The NND Project

3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-7:** See Response to Request 1-5.

**Request for Production 1-8:** Produce copies of all documents related to any communications between you and Central Electric that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case

11. Act No. 285

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-8:** See Response to Request 1-5.

**Request for Production 1-9:** Produce copies of all documents related to any communications between you and PURC or any of its members that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-9:** See Response to Request 1-5. Subject to the objections, ORS is producing non-privileged documents.

**Request for Production 1-10:** Produce copies of all documents related to any communications between you and Santee Cooper that relate to any of the following issues:

1. SCE&G
2. The NND Project

3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-10:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. Based on the foregoing objections, ORS will not respond to this request.

**Request for Production 1-11:** Produce copies of all documents related to any communications between you and any member of the South Carolina General Assembly that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report

6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between August 1, 2017, and the present.

**Response to Request for Production 1-11:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking "documents related to any communications between you and any member of the South Carolina General Assembly that relate to" any of 11 different issues. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Subject to and without waiver of the foregoing objections see PowerPoint presentation enclosed.

**Request for Production 1-12:** Produce copies of all documents related to any communications between you and anyone employed by the South Carolina General Assembly that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA

4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between August 1, 2017, and the present.

**Response to Request for Production 1-12:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and any member of the South Carolina General Assembly that relate to” any of 11 different issues. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Subject to and without waiver of the foregoing objections see PowerPoint presentation enclosed.

**Request for Production 1-13:** Produce copies of all documents related to any communications between you and the South Carolina Governor that relate to any of the following issues:

1. SCE&G
2. The NND Project

3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between August 1, 2017, and the present.

**Response to Request for Production 1-13:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking "documents related to any communications between you and the South Carolina Governor that relate to" any of 11 different issues. Based on the foregoing objections, ORS will not respond to this request.

**Request for Production 1-14:** Produce copies of all documents related to any communications between you and Scott Elliott that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision

5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-14:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the basis of the common interest doctrine extension of the attorney-client privilege. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and Scott Elliott that relate to” any of 11 different issues. Subject to and without waiver of the foregoing objections see PowerPoint presentation enclosed.

**Request for Production 1-15:** Produce copies of all documents related to any communications between you and Gary Jones that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report

6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-15:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground of SCRCP 26(b)(4). ORS objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and Gary Jones that relate to” any of 11 different issues. Based on the foregoing objections, ORS will not respond to this request.

**Request for Production 1-16:** Produce copies of all documents related to any communications between you and Bechtel that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case

8. The Prudency Determination Case

9. The Rate Relief Case

10. The Merger Approval Case

11. Act No. 285

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-16:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking "documents related to any communications between you and Bechtel that relate to" any of 11 different issues. Based on the foregoing objections, ORS will not respond to this request.

**Request for Production 1-17:** Produce copies of all documents and communications related to Bechtel's involvement with, and analysis of, issues regarding the NND Project.

**Response to Request for Production 1-17:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request has no temporal limits. ORS objects on the basis of the common interest doctrine extension of the attorney-client privilege. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS has identified a written statement by Gene Soult and a written statement by Gary Jones that are responsive to this request, but are protected under the work product doctrine because they were written at the direction of counsel. Subject to the above objection, ORS has identified certain non-privileged documents that are enclosed. Additionally, ORS received documents from Santee Cooper that Santee Cooper considers confidential, and ORS has already offered SCE&G

approximately 400,000 pages ORS received from Santee Cooper, which are not considered by Santee Cooper to be confidential. ORS is currently searching for responsive documents and will supplement its production if it discovers any non-privileged documents responsive to the request.

**Request for Production 1-18:** Produce all documents and communications related to any draft versions of the 2015 Bechtel Report that were created before November 9, 2015.

**Response to Request for Production 1-18:** See Response to Request 1-5. ORS received documents from Santee Cooper that Santee Cooper considers confidential, and ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper, which are not considered by Santee Cooper to be confidential.

**Request for Production 1-19:** Produce all documents and communications related to any draft versions of the 2016 Bechtel Report that were created before February 5, 2016.

**Response to Request for Production 1-19:** See Response to Request 1-5. ORS received documents from Santee Cooper that Santee Cooper considers confidential, and ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper, which are not considered by Santee Cooper to be confidential.

**Request for Production 1-20:** Produce all documents and communications concerning the Consortium's management, or purported mismanagement, of the NND Project.

**Response to Request for Production 1-20:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad because it does not have any temporal limit and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground

that the request is vague and ambiguous in seeking documents “concerning the Consortium’s management . . . of the NND Project.” Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

**Request for Production 1-21:** Produce all documents and communications concerning disputes in and among the members of the Consortium regarding issues related to the NND Project.

**Response to Request for Production 1-21:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad because it does not have any temporal limit and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking documents concerning “issues related to the NND Project.” Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

**Request for Production 1-22:** Produce all documents and communications concerning disputes about the NND Project by and between any of the following parties:

1. The Consortium
2. Westinghouse
3. CB&I
4. SCE&G
5. Santee Cooper

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-22:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS

notes that the request is overbroad because it does not have any temporal limit and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking documents “concerning disputes about the NND Project.” Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

**Request for Production 1-23:** Produce all documents and communications concerning any of the following issues at the NND Project site:

1. Productivity
2. Construction productivity
3. Designs
4. Constructability of designs
5. Finalizing engineering designs
6. Work packages
7. SCE&G's oversight
8. Santee Cooper's oversight
9. Westinghouse's oversight
10. CB&I's oversight
11. The Consortium's oversight

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-23:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad because it does not have any temporal limit and is based on an

incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking documents "concerning" almost all facets of the NND Project. Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

**Request for Production 1-24:** Produce all documents and communications concerning any of the following issues with respect to the NND Project:

1. Pricing
2. Engineering plans
3. Procurement
4. Construction plans
5. Construction schedules
6. Modular fabrication
7. Forecasts for schedule durations
8. Forecasts for productivity
9. Forecasted manpower peaks
10. Percent completed
11. Delays in schedules
12. Discrepancies between construction need dates and procurement delivery dates
13. Disconnects between construction need dates and procurement delivery dates
14. Testing
15. Start-up
16. Inspections, Tests, Analyses, and Acceptance Criteria ("ITAAC")

for the period between January 1, 2015, and the present.

**Response to Request for Production 1-24:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad because it does not have any temporal limit and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking documents “concerning” almost all facets of the NND Project. Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

**Request for Production 1-25:** Produce all documents and communications related to issues concerning the fixed price option for the NND Project.

**Response to Request for Production 1-25:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad because it does not have any temporal limit and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking documents “related to issues concerning” a certain topic. Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

**Request for Production 1-26:** Produce all documents and communications concerning ORS's review of SCE&G's attorneys' billing records from between January 1, 2015, and the present.

**Response to Request for Production 1-26:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine.

**Request for Production 1-27:** Produce all documents and communications related to each and every presentation that you made to each of the following between March 30, 2009, and the present, in which the NND Project was discussed.

4. The Governor of South Carolina
5. The Office of the Attorney General of South Carolina
6. Any member or staff member of the South Carolina General Assembly
7. The SCEUC
8. DHEC
9. EPA
10. PURC
11. The Energy Advisory Council
12. The LCI Committee

**Response to Request for Production 1-27:** ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad based on time and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the basis of the common interest doctrine extension of the attorney-client privilege. ORS objects on the ground that the request is vague and ambiguous in seeking documents "related to" a broad topic. ORS objects on the ground that when

a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced.

**Request for Production 1-28:** Produce all documents and communications related to each and every presentation that you made to each of the following between January 1, 2008, and the present, in which the BLRA was discussed.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Request for Production 1-28:** See Response to Request 1-27.

**Request for Production 1-29:** Produce all documents and communications related to each and every presentation that you made to each of the following between January 1, 2015, and the present, in which the Clean Power Plan was discussed.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC

5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Request for Production 1-29:** See Response to Request 1-27.

**Request for Production 1-30:** Produce all reports, memoranda, and correspondence provided to each of the following regarding the NND Project.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Request for Production 1-30:** See Response to Request 1-27.

**Request for Production 1-31:** Produce all reports, memoranda, and correspondence provided to each of the following regarding the Clean Power Plan.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly

4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Request for Production 1-31:** See Response to Request 1-27.

**Request for Production 1-32:** Produce all reports, memoranda, and correspondence provided to each of the following regarding the Abandonment Decision.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

**Response to Request for Production 1-32:** See Response to Request 1-27.

**Request for Production 1-33:** Produce copies of every presentation that you made to the SCEUC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Request for Production 1-33:** See Response to Request 1-27.

**Request for Production 1-34:** Produce copies of every presentation that you made to the PURC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Request for Production 1-34:** See Response to Request 1-27.

**Request for Production 1-35:** Produce copies of every presentation that you made to the Energy Advisory Council at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Request for Production 1-35:** See Response to Request 1-27.

**Request for Production 1-36:** Produce copies of every presentation that you made to the LCI Committee or any of its subcommittees at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Request for Production 1-36:** See Response to Request 1-27.

**Request for Production 1-37:** Produce copies of every report, letter, briefing paper, or other communication that you made or sent to the PURC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Request for Production 1-37:** See Response to Request 1-27. Subject to and without waiver of the foregoing objections, ORS will produce non-privileged and public accountability reports, PURC reports and Review letters that reference the NND Project.

**Request for Production 1-38:** Produce copies of every report, letter, briefing paper, or other communication that you made or sent to the Energy Advisory Council at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Request for Production 1-38:** See Response to Request 1-27.

**Request for Production 1-39:** Produce copies of every report, letter, briefing paper, or other communication that you made or sent to the LCI Committee or any of its subcommittees at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Request for Production 1-39:** See Response to Request 1-27.

**Request for Production 1-40:** Produce copies of every report, letter, briefing paper, or other communication that you made or sent to the Governor's Office or the Governor of the State of South Carolina at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

**Response to Request for Production 1-40:** See Response to Request 1-27.

**Request for Production 1-41:** Produce copies of every document indicating that you raised concerns about the constitutionality of the BLRA while it was being considered by the General Assembly or thereafter.

**Response to Request for Production 1-41:** See Response to Request 1-27.

**Request for Production 1-42:** Produce copies of every document in which you stated that completion of the Project would not be in customers' best interest.

**Response to Request for Production 1-42:** See Response to Request 1-27.

**Request for Production 1-43:** Produce copies of every document in which you stated that completion of the Project would be in customers' best interest.

**Response to Request for Production 1-43:** See Response to Request 1-27.

**Request for Production 1-44:** Produce copies of every document in which you identify or describe the benefits of the Project for SCE&G's customers or the State of South Carolina.

**Response to Request for Production 1-44:** See Response to Request 1-27.

**Request for Production 1-45:** Produce copies of every document ~~every~~ communication in which you identify or describe the benefits of the BLRA for electric customers or the State of South Carolina.

**Response to Request for Production 1-45:** See Response to Request 1-27.

Respectfully submitted,

s/Matthew Richardson  
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&

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**Attorneys for the South Carolina Office of  
 Regulatory Staff**

August 24, 2018

BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA  
DOCKET NO. 2017-370-E

In Re: Joint Application and Petition of South Carolina Electric & Gas Company and Dominion Energy, Inc., for review and approval of a proposed business combination between SCANA Corporation and Dominion Energy, Inc., as may be required, and for a prudency determination regarding the abandonment of the V.C. Summer Units 2 & 3 Project and associated customer benefits and cost recovery plan.

CERTIFICATE OF SERVICE

This is to certify that I caused to be served on August 24, 2018 a copy of **ORS's Answers to First set of Requests for Admission, Second Set of Interrogatories, and Second set of Requests for Production of Documents (Amended)** to the persons named below at the addresses via electronic mail only:

K. Chad Burgess  
[chad.burgess@scana.com](mailto:chad.burgess@scana.com)  
Matthew W. Gissendanner  
[matthew.gissendanner@scana.com](mailto:matthew.gissendanner@scana.com)  
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Mitchell Willoughby  
[mwilloughby@willoughbyhoefer.com](mailto:mwilloughby@willoughbyhoefer.com)  
*Attorneys for South Carolina Electric & Gas Company*

s/Matthew Richardson

**THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E**

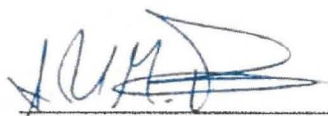
IN RE: Friends of the Earth and Sierra Club, )  
Complainant/Petitioner v. South Carolina )  
Electric & Gas Company, )  
Defendant/Respondent )

IN RE: Request of the South Carolina Office of )  
Regulatory Staff for Rate Relief to SCE&G )  
Rates Pursuant to S.C. Code Ann. § 58-27-920 )

**VERIFICATION**

IN RE: Joint Application and Petition of South )  
Carolina Electric & Gas Company and )  
Dominion Energy, Incorporated for Review )  
and Approval of a Proposed Business )  
Combination between SCANA Corporation )  
and Dominion Energy, Incorporated, as May )  
Be Required, and for a Prudency )  
Determination Regarding the Abandonment )  
of the V.C. Summer Units 2 & 3 Project )  
and Associated Customer Benefits and Cost )  
Recovery Plans. )

I, AAJ & Wilkerson, being duly sworn and upon my oath, depose and say that I have reviewed the foregoing "ORS'S ANSWERS TO SOUTH CAROLINA ELECTRIC & GAS COMPANY'S FIRST SET OF REQUESTS FOR ADMISSION, SECOND SET OF INTEROGATORIES, AND SECOND SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS (AMENDED)" dated August 24, 2018, and that the information and materials stated or provided in the foregoing documents is true as to my information and belief..



SWORN to and subscribed before me this 22nd  
Day of August, 2018.

Patricia F. Spiers (L.S.)  
Notary Public

My Commission Expires: 9/15/2023

To: SMITH, ABNEY A JR[SASMITH@scana.com]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]; HUTSON, WILLIAM V[WHUTSON@scana.com]; STEPHENS, MICHELE L[MICHELE.STEPHENS@scana.com]; LANIER, CYNTHIA B[CLANIER@scana.com]; WHATLEY, CAROLINE[CAROLINE.WHATLEY@scana.com]  
From: FELKEL, MARGARET SHIRK  
Sent: Thur 10/22/2015 10:35:55 AM  
Importance: Normal  
Subject: Final October ORS Agenda  
Received: Thur 10/22/2015 10:35:57 AM  
ORS Agenda October 2015.pdf

Please see attached the final ORS Agenda for next week's site visit.

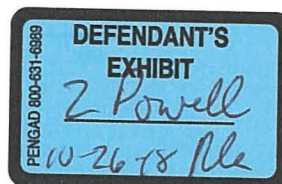
**Margaret Felkel**

Senior Accountant, Contract Compliance & Controls

SCANA Services - New Nuclear Deployment

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**SCE&G VC Summer Units 2 & 3**  
**October 27 & 28, 2015 ORS Site Visit Agenda**  
**(Tuesday & Wednesday)**

**Cindy's fax (803) 933-7761**

**Shirley's fax (803) 933-7774**

**I. Tuesday October 27, 2015** Tour Comments- Main Feed Pump Alignments are in progress, a walk by would be helpful.

8:00 am - 9:00 am	Construction (Alan Torres)
9:00 am - 10:30 am	Tour (Kyle Young/Myra Roseborough)
10:30 am - 11:00 am	Commercial (Skip, Michele, Margaret, Cindy)
11:00 am - 11:30 am	Licensing (April Rice)
11:30 am - 12:00 pm	Training (Andy Barbee-Paul Mothena)

**Wednesday October 28, 2015**

9:30 am - 10:00 am	Quality Assurance (Larry Cunningham)
10:00 am - 11:00 am	Engineering (Brad Stokes/Sheila Jean-Cyber Security)

**SCANA**

William Hutson, Cindy Lanier, Michele Stephens, Skip Smith, Caroline Whatley, Margaret Felkel

**ORS**

Allyn Powell, Gene Sault, Gaby Smith and Gary Jones

**II. Construction Progress**

- a) Weekly Construction Metrics (to include discussion of critical work fronts & status of project relative to the revised integrated schedule)
  - i. Discuss the apparent inconsistencies in the Unit 2 schedule in which the hydrotest and hot functional are delayed 5 months and the fuel load is delayed 6 months, but the substantial completion is only delayed 3 months. (BLRA Milestone Tracking for September 2015).
  - ii. Discuss the apparent inconsistency in the Unit 3 schedule in which near term dates have slipped consistently for the past few months, but the substantial completion date has not changed. Note that the summary schedules indicate that Unit 3 AB/Containment activities are up to 6 months late. (WS of 2015-10-12, Summary Schedule)
  - iii. Discuss additional plans to improve the productivity of on-site construction labor. All areas continue to show productivity factors well above the stated goal of 1.15.

Mitigation and improvement plans over the previous 6 months do not appear to have resulted in any significant improvement. (Commercial Review Meeting slides of 2015-09-17, Slides 9 – 15 and summary of the Construction Effectiveness and Efficiency program).

- iv. Discuss the decline in the overall construction staffing from 3278 in June to 2485 in August and the impact on the schedule. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 79, Slide 134).

b) Unit 2 Nuclear Island

- i. Discuss the schedule and status of completion of welding CA01 to the embedment plates. (Repeat from the September meeting).
- ii. Provide the schedules for completing the remaining in-situ work on CA20, CA04 and CADS. (No specific reference).
- iii. Section III piping spools continue to be delivered late. At what point does this adversely impact the overall schedule and what mitigation measures are being pursued. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 85, Slide 153).

c) Unit 2 Turbine Building

- i. Discuss the schedule slippage in the TG concrete placement from 2015-11-18 to 2015-12-11 and potential mitigation measures or additional controls put in place. (WCM of 2015-10-12, p.22)
- ii. Discuss the summary schedule that indicates that Condenser B is greater than 6 months behind schedule. (WS of 2015-10-12, Summary Schedule)

d) Unit 3 Nuclear Island, including the significant schedule slippages, especially of Line 1 from 2015-09-24 to 2015-12-30 and any mitigation and/or recovery activities. (WCM of 2015-10-12, p. 20).

e) Unit 3 Turbine Building

- i. Discuss the extent and duration of the work suspension due to lack of labor forces. (WCM of 2015-10-12, p. 35).
- ii. Discuss the overall plan to maintain sufficient resources to complete Unit TB. (No specific reference).
- iii. 10/15/15-POD- Pg. 20- CA04 out of tolerance issues appear to be similar to U2-CA04, were "lessons learned" from U2 incorporated into U3, please explain.

f) Cooling Towers

g) Raw Water System

h) Offsite Water System

i) Containment Vessels, including the schedule for ring sets

j) Shield Buildings

- i. Discuss the status and schedule of the NIN mitigation plan for accelerating delivery of the SB panels. (Repeat from previous meetings).

- ii. Discuss the status and schedule for the SB roof fabrication. (Repeat from the September meeting).
  - iii. Clarify the status and schedule of the concrete placement in the first course of the SB panels (not clear from currently available information).
  - iv. Confirm that erection of course 2 of the SB panels has begun. (Consortium MSMM, p. 37, Slide 49 has it scheduled for 2015-10-10 and status on WCM is not clear).
- k) Onsite and offsite storage
- i. Discuss the status of storage at the airport storage facility and the availability for an ORS visit. (Repeat from previous meetings)
  - ii. WCM-10/19/15- Pg. 40/52- Please provide update of Storage and PM's on stored equipment (Report due in Oct)
- l) Structural & mechanical modules fabrication and schedule (delivery schedules for all fabrication vendors; include a discussion of Unit 3)
- i. Discuss the mitigation plans for the critical U2/U3 mechanical modules. Schedules continue to be delayed. (Repeat from September meeting).
  - ii. Discuss the mitigation plan for the critical Greenberry mechanical and floor modules. (Repeat from September meeting). Also include a discussion of the actions taken to resolve issues identified in the 2015-09-10 facilities visit.
  - iii. Discuss the mitigation plan for the critical Dubose stair modules. (Repeat from September meeting).
  - iv. Confirm that the final sub-module kit from SMC is due on site 2015-10-21 (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 50, Slide 76)
  - v. Discuss the module scope of work being performed by TANE. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 34, Slide 44).
  - vi. Address the impact of and resolution schedule for the recently identified issue that piping weld locations did not account for pipe support locations. (WCM o 2015-10-12, p. 9).
  - vii. Discuss the Toshiba/THI mitigation and schedule improvement plan on Unit 3 CA01 (Consortium 2015-09-17 MSMM, dated 2015-10-14, Item 1.6, p. 1)
  - viii. Discuss possible dates for L. Charles visit
- m) Annex Building
- i. Discuss the schedule and constraints for the mudmat placement due 2015-11-18 and basement pour due 2016-01-21. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 52, Slide 80).

### III. Licensing and Permitting

- a) NRC visits/reviews
- b) License Amendment Requests (LARs) and Preliminary Amendment Requests (PARs)
  - i. *Discuss the content of the supplement to LAR 111 submitted 2015-09-23 and the NRC reaction thus far. (WS of 2015-10-12, p. 31).*
  - ii. *Discuss the status of LAR 30 and the results of the pre-submittal meeting held on 2015-10-22. (WS of 2015-10-12, p. 31).*
  - iii. *Discuss licensing status/schedule of CAS. (Follow up from previous meetings). What is meant by the redaction and affidavit? (MPSR for September, Item 10, p. 24).*
  - iv. *Discuss the changes resulting from the assessment plan update for regulatory compliance completed on 2015-07-31. (QESC of 2015-08-31, Slide 8).*

### IV. Equipment

- a) Doosan
  - i) Unit 3 Steam Generators
  - ii) Unit 3 Reactor Vessel
- b) IBF/Tioga
  - i) Unit 3 Reactor Coolant Pump Loop Piping
- c) Mangiarotti
  - i) Unit 3 Pressurizer
  - ii) Passive Residual Heat Removal (PRHR) Heat Exchangers (discuss the status and schedule of repairs)
- d) Curtiss Wright/EMD - Reactor Coolant Pumps, *including the status of the root cause analysis on the pump impeller issue (repeat from July meeting). Is a new endurance test required?*
- e) SPX Copes Vulcan - Squib Valves (to include status of EQ test)
- f) Switchyard
  - i) *Discuss the testing program on the capacitors and the status of the on-going investigation and resolution*
  - ii) *Discuss the delivery schedule for the Unit 3 Tx and whether there is an adverse impact due to bridge damage from the recent flooding. (POD of 2015-10-15, p. 23)*

### V. Engineering

- a) *Discuss the results of the WEC/CB&I Engineering interface workshop held in Charlotte on 09/15 and 09/16. (MPSR for September, Item 4, p. 12).*
- b) *Explain the role and composition of the Design Change Implementation Board (DCIB) and identify when meetings are held. (MPSR for September, Item 10, p. 23).*

- c) Discuss the findings from the summary of design changes since April 30, 2015 which was requested by SCE&G that WEC compile. (Consortium 2015-09-17 MSMM, dated 2015-10-14, Item III, p. 3).
- d) Discuss the results from the Vendor Summit. (Consortium 2015-09-17 MSMM, dated 2015-10-14, Item IV, p. 4).
- e) POD-10/15- Pg 24- Emergent Issues list item 34- Tubesheet Thickness generic issue. Does this effect Safety relate Heat exchangers? If so, please identify affected equipment.
- f) 10/13/15-WCM Pg. 50- Toshiba/IHI behind on shipment of 18-U 3 CA01 Sub modules. What impact is this having on U 3 schedule?
- g) K-7-Monthly Progress Report dated 9/30/15-Pg. 12/68-Meeting held to discuss Master Equipment List- Is SCE&G satisfied with the direction and timing. Is equipment Identification and Labeling incorporated into this work?
- h) Pg. 52/68- Action ID- NPA-WS-02574- Requires formalizing the efficiencies between the 2 units. Please provide a copy for ORS to review.
- i) S-4 Box-10/13/15-Pg.3- CIRT results of Roof Components

## VI. Financial/Commercial

- a) Overall Status of Budget
- b) Status of Change Orders
  - iii) Executed Change Orders
  - iv) Pending/Potential Change Order
    - (1) COL delay, design of shield buildings, design of structural modules, and Unit 2 rock condition (CO #16) (Schedule impact, changes to LT storage, any financial impacts?)
    - (2) Commercial Settlement- resolves multiple outstanding issues, no increase to EPC costs (CO #17)
    - (3) AP1000 Cyber Security remaining work scope
    - (4) Site Layout Changes
    - (5) Active Notices
- c) BLRA milestones
- d) Discuss the Status of the Bechtel Assessment and the top ten issues noted thus far.
- e) K-7-10/15/15- Pg. 3/13-CRM- Discuss Company's view of report. Discuss why current external cost forecast is the same as December 2014 forecast given the lack of productivity improvement. Please provide an update on Settlement discussions to resolve "deficient invoices".
- f) Please identify the changes that will be made to the CRM as a result of the PSC approval of the Petition and when these changes will be complete.

## VII. Quality Assurance

- a) Discuss significant results of the 10/12 - 10/15 CBI surveillance of CBI-LC (September Consortium MSR, Item 3, p. 5)
- b) Discuss significant results of the 10/05- 10/08 CBI surveillance of Cives (September Consortium MSR, Item 3, p. 6)
- c) Discuss significant results of the 10/19- 10/22 CBI audit of AECON (September Consortium MSR, Item 3, p. 5)
- d) Discuss significant results of the 10/05 - 10/08 CBI surveillance of Gerdau (September Consortium MSR, Item 3, p. 6)
- e) Discuss significant results of the 10/12- 10/15 CBI audit of Dubose. (September Consortium MSR, Item 3, p. 6).
- f) Discuss significant results of the 09/28 - 10/01 CBI surveillance of SMC (September Consortium MSR, Item 3, p. 7)
- g) POD- 10/08/15- Procurement discussed the need to seek alternative supplier for CBI-Laurens Piping- Please discuss the issues surrounding this change.

## VIII. Operational Readiness

- a) Discuss the status of the following programs which were to be back on schedule by the date indicated (SCE&G June MSR, p. 32):
  - i. EMI/RFI by 8/6
  - ii. Pumps by 8/10
  - iii. Breakers by 7/31
  - iv. Motor Reliability by 8/10
  - v. Batteries, Chargers and Support Systems by 7/23
- b) Discuss the status of the following programs that were to start by the indicated date (SCE&G June MSR, p. 34)
  - i. ISI by 8/1
  - ii. Electrical Cable Aging Management by 5/1/2013
  - iii. Irradiated Fuel Inspection by 8/1
- c) Discuss the status of the labeling program (QESC of 2015-08-31, Slide 23).
- d) Discuss lessons learned from meeting with SNDPC and WANO on Haiyang startup test program. (QESC of 2015-08-31, Slide 22)

## IX. Training

- a) Discuss impact and mitigation plans for the training staff attrition (QESC of 2015-08-31, Slides 25 and 28).

**THE OFFICE OF REGULATORY STAFF**  
**DIRECT TESTIMONY & EXHIBIT**

**OF**

**ALLYN H. POWELL**

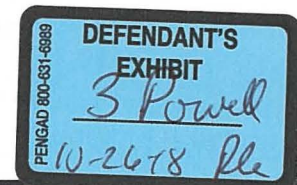
**AUGUST 9, 2012**



**DOCKET NO. 2012-203-E**

**Petition of South Carolina Electric & Gas Company  
for Updates and Revisions to Schedules Related to  
the Construction of a Nuclear Base Load  
Generation Facility at Jenkinsville, South Carolina**

**(Redacted)**



**DIRECT TESTIMONY & EXHIBIT OF**

**ALLYN H. POWELL**

**ON BEHALF OF**

**THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2012-203-E**

**IN RE: PETITION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY FOR  
UPDATES AND REVISIONS TO SCHEDULES RELATED TO THE CONSTRUCTION  
OF A NUCLEAR BASE LOAD GENERATION FACILITY AT  
JENKINSVILLE, SOUTH CAROLINA**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

**A.** My name is Allyn Powell. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as Associate Program Manager in the Electric Department of the Office of Regulatory Staff ("ORS").

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

**A.** I hold a Bachelor's Degree in Physics from the University of South Carolina and a Master's Degree in Physics from the College of William and Mary. My research focus while at the College of William and Mary was experimental nuclear and particle physics, and I am credited as co-author on several professional publications resulting from my research. I have been employed as Director of State Budgeting and Finance with the

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**THE OFFICE OF REGULATORY STAFF  
1401 Main Street, Suite 900  
Columbia, SC 29201**

1       Ways and Means Committee of the South Carolina House of Representatives ("WMC").  
2       I joined WMC in 2002 as a Research Analyst, focusing on sales tax, income tax, higher  
3       education and cultural issues. I was responsible for providing background research,  
4       summarizing legislation before WMC and drafting portions of the Appropriations Act.  
5       Throughout my career at WMC I served as lead staff for a variety of issue areas,  
6       including K-12 education, property tax, and budget policy. I was promoted to Director of  
7       State Budgeting and Finance in 2007. As Director of State Budgeting and Finance, I was  
8       responsible for overseeing the State budget process for WMC and the production of the  
9       Appropriations Act. In 2009, I joined the South Carolina Energy Office at the South  
10      Carolina Budget and Control Board as a Program Manager. There, I worked with issues  
11      relating to radioactive waste disposal and energy assurance planning. I also served as  
12      lead staff for the South Carolina Governor's Nuclear Advisory Council. In 2011, I joined  
13      ORS as an Associate Program Manager. As Associate Program Manager my  
14      responsibilities include supporting senior management in reviewing Base Load Review  
15      Act ("BLRA") plant applications, managing efforts relating to energy assurance planning  
16      and serving as ORS's lead contact for demand side management and energy efficiency  
17      programs.

18   **Q.     HAVE YOU TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF**  
19   **SOUTH CAROLINA ("COMMISSION") ON BEHALF OF ORS?**

20   **A.**No. However, I did present a briefing to the Commission regarding energy  
21      emergency planning in South Carolina while I was employed by the South Carolina  
22      Energy Office.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

**A.** The purpose of my testimony is to summarize ORS's regulatory oversight activities with regard to the construction of a nuclear base load facility at Jenkinsville, SC (the "Project" or "Facility") by South Carolina Electric & Gas Company (the "Company" or "SCE&G"). I will also provide a technical review of specific areas in SCE&G's Petition ("Petition") for updates and revisions to its capital cost schedule and construction schedule for V. C. Summer Units 2 & 3 ("Units") as delineated in Docket No. 2012-203-E. I will address proposed changes to the Company's Engineering, Procurement and Construction Contract ("EPC Contract") in the areas of health care costs and waste water discharge piping, as well as updates to transmission costs. The other areas of change included in this Petition will be addressed in the testimony of ORS witness Jones.

**Q. WHAT ESTABLISHES ORS'S OVERSIGHT RESPONSIBILITIES?**

**A.** Section 58-33-277(B) of the Base Load Review Act ("BLRA") states that "[t]he Office of Regulatory Staff shall conduct on-going monitoring of the construction of the plant and expenditure of capital through review and audit of the quarterly reports under this article, and shall have the right to inspect the books and records regarding the plant and the physical progress of construction upon reasonable notice to the utility."

**Q. WHAT ARE THE PRIMARY FOCUS AREAS OF ORS'S OVERSIGHT ACTIVITIES?**

**A.** Section 58-33-275(A) of the BLRA states, "...capital costs are prudent utility costs and expenses and are properly included in rates so long as the plant is constructed or is being constructed within the parameters of: (1) the approved construction schedule

1 including contingencies; and (2) the approved capital costs estimates including specified  
2 contingencies.” Accordingly, ORS’s oversight activities primarily focus on the  
3 Company’s ability to adhere to the approved construction schedule and the approved  
4 capital costs estimates.

5 **Q. PLEASE DESCRIBE ORS’S OVERSIGHT ACTIVITIES WITH REGARD TO**  
6 **ITS ON-GOING MONITORING OF THE APPROVED MILESTONE**  
7 **SCHEDULE.**

8 **A.** The Company’s required quarterly reports provide a status of the approved BLRA  
9 milestone schedule. The BLRA milestone schedule consists of 146 milestone activities.  
10 ORS verifies the status of each milestone activity to ensure the activity is in accordance  
11 with previous Commission orders relating to this matter, Order Nos. 2009-104(A), 2010-  
12 12, and 2011-345. It should be noted that milestone activities are allowed by  
13 Commission order to be accelerated by up to 24 months or delayed by up to 18 months.  
14 In addition, ORS identifies Caution Milestones as milestone activities that have been  
15 delayed 10 months or greater. Caution Milestones are subject to additional ORS  
16 examination.

17 **Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**  
18 **GOING CONSTRUCTION MONITORING?**

19 **A.** ORS makes regular visits to the construction site in Jenkinsville to perform on-  
20 site document reviews and site evaluations. During these visits, ORS meets with  
21 SCE&G’s New Nuclear Deployment (“NND”) personnel and reviews numerous  
22 documents that relate to the approved construction schedule. These documents include,

but are not limited to: the weekly construction activities report, detailed construction schedules, milestone comparison activity report, milestone schedule recovery plans, major component fabrication status log and meeting minutes. Also, ORS performs on-site evaluations to physically observe construction activities to ensure construction progress is consistent with NND documentation.

**Q. PLEASE DESCRIBE ORS'S OVERSIGHT ACTIVITIES WITH REGARD TO ITS ON-GOING MONITORING OF THE APPROVED CAPITAL COST ESTIMATES.**

**A.** The Company's quarterly reports provide a status of the approved capital cost estimates. ORS evaluates the Company's quarterly reports with a focus on the capital cost estimates, project cash flow, allowance for funds used during construction ("AFUDC") and escalation. Collectively, these focus areas determine the status of the project budget.

ORS compares the capital cost estimates approved by the Commission to the capital cost estimates in the Company's quarterly reports. This comparison focuses on the major cost categories, which are:

- Fixed with No Adjustment
- Firm with Fixed Adjustment A
- Firm with Fixed Adjustment B
- Firm with Indexed Adjustment
- Actual Craft Wages
- Non-Labor Cost
- Time & Materials
- Owners Costs

• Transmission Projects

ORS evaluates cost variances which may be due to various project changes (e.g., shifts in work scopes, payment timetables, construction schedule adjustments, change orders, etc.) to determine if the cumulative amount of these changes impact the total approved capital cost of the project (in 2007 dollars).

In a similar fashion, ORS compares the approved project cash flow to the project cash flow in the Company's quarterly reports. This comparison focuses on any variance to annual cash flow requirements. Lastly, AFUDC and escalation rates are evaluated to determine if appropriate rates have been applied.

Exhibit AHP-1 (Confidential) tracks the updates to the capital cost schedules from Commission Order No. 2010-12 through the Company's request in the Petition.

**Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-GOING MONITORING OF THE APPROVED CAPITAL COST ESTIMATES?**

**A.** During on-site visits, the ORS Electric Department staff reviews documents that may impact the project budget. Examples of such documents are contract amendments and change orders. The ORS Electric Department staff also reviews invoices associated with completed milestone activities to ensure milestone payments are consistent with the EPC milestone payment schedules. In addition, ORS's Audit Division further evaluates the Company's actual project expenditures.

**Q. COULD YOU PLEASE ELABORATE ON ORS'S AUDIT DIVISION'S EVALUATIONS?**

1     **A.**           Yes. ORS Audit Division personnel conduct regulatory audit procedures on the  
2           Company's recorded project expenditures. ORS evaluates the Company's accounting  
3           controls over project expenditures and, based on this evaluation, ORS determines the  
4           extent to which these controls prevent improper payments.

5     **Q.**     **DOES ORS EXAMINE EACH DISBURSEMENT TO ENSURE THAT THE**  
6           **CONTROLS OVER DISBURSEMENTS ARE BEING PROPERLY APPLIED?**

7     **A.**           No. In accordance with standard audit procedures, ORS examines a sample of  
8           expenditures to ensure that the controls are being applied. These samples are selected  
9           from the entire population of charges to the construction project account.

10    **Q.**     **COULD YOU PLEASE DESCRIBE THE PROCEDURES PERFORMED TO**  
11       **ENSURE THAT DISBURSEMENTS COMPLY WITH THE INTERNAL**  
12       **CONTROLS DESCRIBED PREVIOUSLY?**

13    **A.**           For each disbursement selected, Audit staff examines vendor invoices to ensure:  
14           invoices are from valid vendors; charges included are related to the project; the charges  
15           are for the correct time period; invoices are mathematically correct; proper approval  
16           signatures are evident on the invoice routing documents; accounts charged are consistent  
17           with the nature of the disbursements; and items have been charged to the proper EPC  
18           Contract cost category.

19    **Q.**     **WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**  
20       **GOING MONITORING OF THE PROJECT?**

21    **A.**           ORS technical staff and executive management from various departments  
22           participate in monthly meetings with NND personnel, attend quarterly meetings with

Westinghouse representatives, conduct periodic site tours and attend Nuclear Regulatory Commission ("NRC") public meetings held near the site. Additionally, to keep abreast of the federal licensing process, ORS Electric Department staff have attended NRC hearings relating to the Combined Operating License ("COL") for the Units held in Rockville, MD. Also, ORS routinely participates in NRC conference call meetings to monitor activities related to the project.

**Q. ARE THE RESULTS OF ORS'S MONITORING AND OVERSIGHT ACTIVITIES AVAILABLE TO THE PUBLIC?**

**A.** Yes. Subsequent to each quarterly report filed by SCE&G, ORS, as part of its continuing review, elects to generate a report which details ORS's ongoing monitoring and review of the Company's quarterly report as well as other notable activities related to the construction of the Facility. ORS reviews are non-confidential reports and available for public review at [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov).

In addition to ORS's review of SCE&G's quarterly reports, ORS responds to the Company's annual request for revised rates. ORS examines SCE&G's annual revised rates filing which seeks rate recovery for the financing of project expenditures. ORS reviews the request and issues a report documenting its findings. This report incorporates ORS's oversight monitoring activities such as ORS's quarterly reviews and its on-going audit evaluations of Project expenditures. A copy of the report is filed annually with the Commission and is also available for public review.

**Q. COULD YOU PLEASE ADDRESS THE EPC CONTRACT CHANGES RELATED TO HEALTH CARE AND YOUR REVIEW OF THE CHANGES IN MORE DETAIL?**

**A.** Yes. My review centered around two change orders that have been signed and approved by the Company. Change Order No. 12 increases the cost of the Project by \$135,573 and relates to the impact of federal health care legislation on costs for the Project. Specifically, Change Order No. 12 represents only the impact from a portion of the Health Care and Education Reconciliation Act of 2010 increasing the age for dependants covered to 26 years. The Company stated that future change orders may be necessary to address other portions of this legislation. In its review, the Company considered data from an external consulting firm, as well as data provided by EPC Contract holders Westinghouse Electric Co., LLC and Stone & Webster, Inc. ("Consortium"). The Consortium claimed an entitlement to this change order as the increased costs resulted from legislation passed after the enactment of the EPC Contract. Based on ORS's review of the data and analysis presented by the Company and ORS's review to confirm the age requirement, this request appears reasonable.

**Q. COULD YOU PLEASE ADDRESS THE EPC CONTRACT CHANGES RELATED TO THE UPDATE FOR THE WASTE WATER DISCHARGE SYSTEM AND YOUR REVIEW OF THE CHANGES IN MORE DETAIL?**

**A.** Yes. Change Order No. 15 relates to the redesign of 3,050 linear feet of piping and associated structures within the Waste Water Discharge System to make it a gravity drained system at an increased EPC Contract cost to the Company of \$8,250. The

1 original EPC Contract did not specify whether the system would be gravity drained, but  
2 as a result of subsequent discussions with the NRC, a decision was made to specify a  
3 gravity drained system in the revised COL application. The Company stated that it  
4 prefers a gravity drained system as it involves fewer moving parts requiring maintenance.  
5 This has the potential to both increase reliability and decrease maintenance costs. Based  
6 upon ORS's review of the analysis provided by the Company, a review of the history of  
7 changes in the Company's COL application, and a review of the NRC's Final Safety  
8 Evaluation Report for the Units, this request appears to be reasonable.

9 **Q. COULD YOU PLEASE ADDRESS THE REVISED COSTS ASSOCIATED WITH**  
10 **TRANSMISSION AND YOUR REVIEW OF THE CHANGES?**

11 **A.** Yes. There are four main components associated with the revised costs in the  
12 Petition associated with transmission. The first of these is the revised costs associated  
13 with the construction of the proposed Saluda River Substation. The second is the  
14 undergrounding of a section of the existing Parr-VCSN Safeguard 115 kilovolt ("kV")  
15 Line and the lowering of the Parr-Midway 115 kV Lines. The third relates to conductor,  
16 terminal and bus upgrades. The fourth component is composed of changes resulting from  
17 settlements and property acquisition. The total amount requested by the Company for  
18 revised costs associated with transmission is approximately \$7.9 million.

19 **Q. COULD YOU PLEASE ADDRESS YOUR REVIEW OF THE REVISED**  
20 **TRANSMISSION COSTS ASSOCIATED WITH THE SALUDA RIVER**  
21 **SUBSTATION?**

1     **A.**           Yes. In its initial budget, the Company proposed installing an additional  
2           autotransformer at both the Lake Murray and Denny Terrace substations to accommodate  
3           the power flow associated with the Units. This decision was made before final routes for  
4           the transmission lines were determined, and was based on preliminary system studies.  
5           During the environmental evaluation stage of the COL application review, the Company  
6           made the decision to, where possible, site new transmission on existing rights-of-way.  
7           Further, upon more detailed analysis, there was not adequate space within the existing  
8           footprint of the Lake Murray and Denny Terrace substations to accommodate the  
9           additional autotransformers without a significant increased cost. The Company  
10          performed a study to determine whether a more cost effective option existed now that the  
11          exact transmission corridors had been identified. They evaluated three options. The first  
12          was similar to the original option, locating an additional autotransformer next to both the  
13          Lake Murray and Denny Terrace substations. This option would have required the  
14          construction of the equivalent of two entirely new substations adjacent to the existing  
15          substations, as well as upgrades to the Lyles substation and several segments of existing  
16          conductor. The projected cost of this option was \$29.5 million. The second option  
17          would involve adding another autotransformer at the Lyles substation and rebuilding the  
18          Edenwood-Lake Murray 230 kV line. The projected cost of this option was \$20.5  
19          million. The third option was the construction of the proposed Saluda River Substation.  
20          The projected cost of this option at the time of the study was \$12.2 million, which was  
21          later further revised to \$15.5 million. From both an economic and a reliability  
22          standpoint, the study concluded that the Saluda River Substation was the preferable

option. The incremental increased cost associated with the Saluda River Substation is \$1,591,000 as compared to the amount previously budgeted for autotransformers. Based on ORS's review, this request appears reasonable.

**Q. COULD YOU PLEASE ADDRESS YOUR REVIEW OF THE REVISED TRANSMISSION COSTS ASSOCIATED WITH THE UNDERGROUNDING OF A PORTION OF THE PARR-VCSN 115 KV SAFEGUARD LINE AND LOWERING THE VCSN PARR-MIDWAY 115 KV LINES?**

**A.** Yes. The Parr-VCSN 115 kV Safeguard Line would have crossed five different 230 kV lines, and should a situation occur where the line came into contact with those five lines, they would be unavailable to provide service. From a reliability standpoint, this would likely result in a scenario where a large number of customers experienced a loss of service. This line cannot run below the 230 kV lines as it is important for the safe operation of V.C. Summer Unit 1, therefore the best remaining option is burial of a portion of the line. The Company estimates that the cost to bury this portion of the line would be approximately \$2.9 million.

With regards to the Parr-Midway 115 kV Lines, they cross six existing lines and one planned 230 kV line. The Company is lowering these lines to meet National Electric Safety Code crossing clearances for all of the lines at a cost of \$704,000. Based on ORS's review, these requests appear reasonable.

**Q. COULD YOU PLEASE ADDRESS YOUR REVIEW OF THE REVISED TRANSMISSION COSTS ASSOCIATED WITH THE REMAINING TERMINAL, CONDUCTOR AND BUS UPGRADES?**

1     **A.**           Yes. These items include a variety of system improvements to accommodate the  
2     interconnection of the new transmission lines. The Company states that these costs were  
3     not previously identified as the exact path of the transmission lines was not known during  
4     the initial forecasting phase. These improvements include the replacement of a  
5     disconnect switch in V.C. Summer Switchyard #1, as well as the existing lightning  
6     arresters, to accommodate higher capacities. Improvements are also necessary at the  
7     Canadys Substation, the Summerville Substation and the Saluda Hydro Substation to  
8     accommodate the higher capacities. The Company estimates the increased cost for this  
9     work at \$2,711,800. Based on ORS's review, this request appears reasonable.

10    **Q.**     **COULD YOU PLEASE ADDRESS YOUR REVIEW OF THE REMAINDER OF**  
11    **THE REVISED TRANSMISSION COSTS?**

12    **A.**           Yes. The remainder of the costs relate to real property acquisitions and  
13    settlements. While the majority of the transmission for this project is sited on existing  
14    rights-of-way, additional rights-of-way had to be purchased along a segment of the  
15    VCSH-Killian 230 kV Line between the town of Blythewood and the Killian Substation.  
16    The Company updated the cost estimates for this segment as the exact route of this  
17    segment was not known when initial transmission cost forecasts were being developed.  
18    The additional cost anticipated for right-of-way acquisition for the Blythewood-Killian  
19    line is \$369,000. Right-of-way acquisition in this area is still ongoing. While the  
20    Company has secured access to all needed rights-of-way, the purchase price has not been  
21    finalized where condemnation actions were initiated.

1           The Company has also incurred additional costs as a result of settlements paid to  
2           Richland County and the Town of Blythewood in Docket No. 2011-325-E. These  
3           settlements totaled \$1,450,000 and resolved all outstanding contentions by the Town of  
4           Blythewood and Richland County. As a portion of these settlements are attributable to  
5           system improvements, only \$1,014,000 is requested for these settlements in this filing.  
6           Prior to settling the issues, the Company investigated alternate routes for the affected  
7           lines, and determined that the cost for pursuing these alternate routes could have totaled  
8           at least \$8,300,000. In light of these potential additional costs, the Company's decision  
9           to settle the issues appears reasonable.

10           The Company has also identified a credit of \$1,388,300 resulting from a change  
11           in the transmission allocation methodology with the South Carolina Public Service  
12           Authority, which will partially offset these increased costs.

13   **Q.   OUT OF THE COMPANY'S \$283.0 MILLION REVISED CAPITAL COST**  
14   **REQUEST, WHAT AMOUNT IS REASONABLE FOR APPROVAL?**

15   **A.**The result of ORS's testimony is that \$278.05 million is reasonable. The \$4.95  
16           million difference is discussed in the testimony of ORS witness Jones.

17   **Q.   DOES THIS CONCLUDE YOUR TESTIMONY?**

18   **A.**Yes, it does.

# EXHIBIT AHP-1

**Confidential**

(Filed Under Seal)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2012-203-E**

<b>IN RE:</b> Petition of South Carolina Electric & Gas Company for Updates and Revisions to Schedules Related to the Construction of a Nuclear Base Load Generation Facility at Jenkinsville, South Carolina	) ) ) ) )	<b>CERTIFICATE OF SERVICE</b>
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This is to certify that I, Faith E. Shehane, have this date served one (1) copy of the **DIRECT TESTIMONY AND EXHIBITS OF ALLYN H. POWELL AND GARY C. JONES** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Pamela Greenlaw  
 1001 Wotan Road  
 Columbia, SC, 29229

Scott Elliott, Esquire  
 Elliott & Elliott, P.A.  
 1508 Lady Street  
 Columbia, SC, 29201

Belton T. Zeigler, Esquire  
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 Pope Zeigler, LLC  
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 314 Pall Mall Street  
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K. Chad Burgess, Esquire  
 Matthew W. Gissendanner, Esquire  
 South Carolina Electric & Gas  
 Company/SCANA Corporation  
 220 Operation Way - MC C222  
 Cayce, SC, 29033-3701

  
 Faith E. Shehane

August 9, 2012  
 Columbia, South Carolina

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2015-103-E**

**June 29, 2015**



**IN RE:**

Petition of South Carolina Electric & Gas  
 Company for Updates and Revisions to  
 Schedules Related to the Construction of a  
 Nuclear Base Load Generation Facility at  
 Jenkinsville, South Carolina

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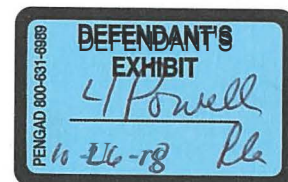
**SETTLEMENT  
 AGREEMENT**

This Settlement Agreement ("Settlement Agreement") is made by and among the South Carolina Office of Regulatory Staff ("ORS"); South Carolina Energy Users Committee ("SCEUC"); and South Carolina Electric & Gas Company ("SCE&G" or the "Company") (collectively referred to as the "Parties" or sometimes individually as a "Party").

WHEREAS, on March 12, 2015, SCE&G filed a petition with the Public Service Commission of South Carolina ("Commission") requesting an order from the Commission approving an updated capital cost schedule and updated construction schedule for the construction of two 1,117 net megawatt nuclear units (the "Units") to be located at the V.C. Summer Nuclear Station near Jenkinsville, South Carolina (the "Petition");

WHEREAS, SCE&G filed its Petition pursuant to S.C. Code Ann. § 58-33-270(E) (Supp. 2014) of the Base Load Review Act ("BLRA"), which states:

(E) As circumstances warrant, the utility may petition the commission, with notice to the Office of Regulatory Staff, for an order modifying any of the schedules, estimates, findings, class allocation factors, rate designs, or conditions that form part of any base load review order issued under this section. The commission



shall grant the relief requested if, after a hearing, the commission finds:

- (1) as to the changes in the schedules, estimates, findings, or conditions, that the evidence of record justifies a finding that the changes are not the result of imprudence on the part of the utility; and
- (2) as to the changes in the class allocation factors or rate designs, that the evidence of record indicates the proposed class allocation factors or rate designs are just and reasonable.

WHEREAS, the Commission established Docket No. 2015-103-E in which to hear the Company's request set forth in the Petition;

WHEREAS, among other statements, SCE&G states in its Petition that circumstances warrant modifying the schedules approved in the most recent Base Load Review order because in 2014 Westinghouse Electric Company ("WEC") and Chicago Bridge & Iron ("CB&I", and together with WEC, the "Consortium") reevaluated the engineering, procurement, and construction ("EPC") activities necessary to complete the Units and provided SCE&G a revised, fully-integrated construction schedule (the "Revised Fully-Integrated Construction Schedule") with an associated cash flow forecast for completion of the project (the "Revised Cash Flow Forecast");

WHEREAS, the Revised Fully-Integrated Construction Schedule reflects new substantial completion dates for Units 2 and 3 of June 19, 2019, and June 16, 2020, respectively ("Substantial Completion Dates");

WHEREAS, the updated capital cost schedule associated with the revised Substantial Completion Dates includes approximately \$698 million in additional capital costs of which \$245 million represents Owner's costs and \$453 million represents EPC Contract costs;

WHEREAS, SCE&G has asserted, among other things, that it is not responsible for costs related to the delay in the project and that the Consortium is liable for these costs as a result of its

failure to meet its responsibilities under the EPC Contract and otherwise. Nevertheless, it is clear that it will take the Consortium until June 19, 2019, and June 16, 2020, to complete Units 2 and 3, respectively, and that the additional costs reflected in the updated capital cost schedule will be incurred and are reasonable and necessary in completing the work on the Units;<sup>1</sup>

WHEREAS, the Consortium has not accepted responsibility for SCE&G's assertions;

WHEREAS, as set forth in the prefiled direct testimony of Stephen A. Byrne, SCE&G and the Consortium currently are engaged in active negotiations concerning the responsibility for the increased cost resulting from the delay and other disputed issues;

WHEREAS, after careful review conducted over many weeks and the performance of careful analyses using teams of experts in accounting, finance, and construction, SCE&G determined that circumstances warranted petitioning the Commission, under the BLRA, to update the approved construction schedule and the approved capital cost schedule to reflect reasonable and prudent changes to these schedules based upon the information currently available to SCE&G;<sup>2</sup>

WHEREAS, based on its review and analyses and as stated in its Petition, SCE&G has modified, and submitted for consideration and approval of the Commission the BLRA Milestone Construction Schedule, as reflected in Settlement Exhibit 1 attached hereto and incorporated herein by this reference, to align remaining BLRA Milestones as approved in Order No. 2012-884 to the new Substantial Completion Dates and to the current construction and fabrication schedules;

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<sup>1</sup> The Parties' agreement that these additional capital costs are "reasonable and necessary," in the context of the BLRA, is independent of the issue of whether SCE&G or the Consortium is ultimately responsible for the delay and associated costs, which is an issue that is governed by the EPC Agreement.

<sup>2</sup> In presenting the modified and updated construction and capital cost schedules as reasonable and prudent for approval under the BLRA, SCE&G does not waive, but specifically reserves, its rights against the Consortium under the EPC Contract and otherwise to dispute who is liable for the increased cost of the project, to recover damages for the delay in the Substantial Completion Dates of the Units, to continue to negotiate with the Consortium seeking to achieve fair resolutions of these disputes, and for other appropriate relief.

WHEREAS, based on its review and analyses and as stated in its Petition, SCE&G has also modified, and submitted for consideration and approval of the Commission, the capital cost schedule for completion of the Units, as reflected in Settlement Exhibit 2, attached hereto and incorporated herein by this reference, to reflect (a) the effect of the new Substantial Completion Dates on Owner's costs and EPC Contract costs, and (b) other changes in costs that have been identified since Order Exhibit No. 1 was approved by the Commission in Order No. 2012-884;

WHEREAS, S.C. Code Ann. § 58-33-277(B) (Supp. 2014) of the BLRA provides that  
ORS:

shall conduct on-going monitoring of the construction of the plant and expenditure of capital through review and audit of the quarterly reports under this article, and shall have the right to inspect the books and records regarding the plant and the physical progress of construction upon reasonable notice to the utility.

WHEREAS, in connection with this case as well as since the inception of this project, ORS has exercised its rights and fulfilled its responsibilities under S.C. Code Ann. § 58-33-277 (Supp. 2014) to monitor the status of the project, by, among other things, routinely and regularly observing the progress of the plant construction and submodule production, requesting and reviewing substantial amounts of relevant financial data from the Company, auditing the quarterly reports submitted by the Company pursuant to the BLRA, inspecting the books and records of the Company regarding the plant and physical progress of construction, and reviewing in detail SCE&G's request to modify the Units' construction schedule and capital cost schedule in the above-captioned matter;

WHEREAS, SCE&G has provided information deemed satisfactory by ORS and SCEUC to support the relief requested in the Petition that the delay in the Substantial Completion Dates and other changes in construction, construction oversight, and operational readiness requirements result in necessary and reasonable modifications to the capital cost and BLRA Milestone

Construction schedule under the terms of the BLRA and are not the result of imprudence on the part of the Company;

WHEREAS, the Commission allowed for public comment and intervention in the above-captioned docket;

WHEREAS, ORS is automatically a party of record to proceeding pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2014);

WHEREAS, SCEUC made a timely request to intervene in this docket;

WHEREAS, the Parties have varying positions regarding the issues in this case;

WHEREAS, the Parties to this Settlement Agreement have engaged in discussions to determine if a Settlement Agreement would be in their best interest; and

WHEREAS, following these discussions the Parties have each determined that their interest and the public interest would be best served by agreeing to settle the issues in the above-captioned case under the terms and conditions set forth in this Settlement Agreement;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms:

**A. STIPULATION OF SETTLEMENT AGREEMENT, TESTIMONY AND WAIVER OF CROSS-EXAMINATION**

1. The Settling Parties agree to stipulate into the record before the Commission this Settlement Agreement.

2. The Settling Parties agree to stipulate into the record before the Commission the prefiled testimony and exhibits (collectively "Stipulated Testimony") of the following witnesses without objection, change, amendment, or cross-examination with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction consistent with this Settlement Agreement. The Settling Parties agree that no other evidence will be offered in the proceeding by them other than the Stipulated Testimony and exhibits and this Settlement Agreement unless additional evidence is necessary to support the

Settlement Agreement. The Settling Parties also reserve the right to engage in redirect examination of witnesses as necessary to respond to issues raised by the examination of their witnesses, if any, by non-Parties or by testimony filed by non-Parties.

SCE&G witnesses

1. Kevin B. Marsh
2. Stephen A. Byrne
3. Ronald A. Jones
4. Carlette L. Walker
5. Joseph M. Lynch

ORS witness:

1. M. Anthony James

If SCE&G determines that rebuttal testimony should be filed in response to any testimony filed by any Intervenor that is not a signatory to this Settlement Agreement, then the Parties hereto agree that any such testimony likewise would be stipulated into the record before the Commission under this Settlement Agreement without objection, change, amendment, or cross-examination with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a ~~connection~~ consistent with this Settlement Agreement.

**B. SETTLEMENT TERMS**

3. SCE&G has ~~identified~~ and itemized approximately \$698 million in additional capital costs that it deems as reasonable and necessary for completion of the construction of the Units through the delayed Substantial Completion Dates. These additional capital costs have been assigned to specific cost categories and are reflected and included in Settlement Exhibit 2.

4. These modifications increase the capital cost for the Units in 2007 dollars from the approximately \$4.5 billion, approved by the Commission in Order No. 2012-884, Order Exhibit No. 1 to approximately \$5.2 billion. Further, along with changes in escalation rates, these

modifications increase the gross construction cost of the Units in current dollars from the approximately \$5.7 billion approved by the Commission in Order No. 2012-884, Order Exhibit No. 1 to approximately \$6.8 billion as reflected in Settlement Exhibit 2.

5. The Parties agree that the modified construction schedule and capital cost schedule are not the result of imprudence by SCE&G and are fully consistent with the requirements of the BLRA.

6. The Parties agree that the updated construction schedule, as reflected in the updated BLRA Milestone Construction schedule attached hereto as Settlement Exhibit 1, should be approved by the Commission as the new construction schedule.

7. The Parties also agree that the restated and updated Capital cost schedule, as reflected in Settlement Exhibit 2 attached hereto, should be approved by the Commission as the new construction expenditure schedule for completion of the Units. Specifically, Settlement Exhibit 2 should replace and supersede Order Exhibit No. 1 of Order No. 2012-884.

8. By Commission Order No. 2009-104(A), the Commission established a return on equity of eleven percent (11%), which is applicable for revised rates filings under the Base Load Review Act. This return on equity has been consistently and lawfully used for each revised rates filing advanced by the Company since issuance of the initial Base Load Review order in 2009. However, as an integral part of this Settlement Agreement and for Base Load Review Act purposes only, beginning with any revised rates filing made on or after January 1, 2016, and prospectively thereafter until such time as the Units are completed, SCE&G agrees to develop and calculate its revised rates filings using ten and one-half percent (10.5%) as the return on common equity rather than the approved return on common equity of eleven percent (11%) subject to Paragraph 14 hereof.<sup>3</sup>

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<sup>3</sup> Any revised rates placed into effect prior to January 1, 2016, shall not be affected by this Settlement Agreement, and the Parties specifically agree that Paragraph 8 of the Settlement Agreement is not intended to

9. As set forth in S.C. Code Ann. § 58-33-277 (Supp. 2014) of the BLRA, ORS will continue to monitor the progress of the Units' construction, including the ongoing status of negotiations between SCE&G and the Consortium of disputes related to the delayed Substantial Completion Dates and costs associated therewith.

10. The Parties agree that the terms of this Settlement Agreement are reasonable, in the public interest and in accordance with law and regulatory policy.

11. ORS is charged with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2014). S.C. Code Ann. § 58-4-10(B)(1) through (3) reads in part as follows:

“...‘public interest’ means a balancing of the following:

- (1) Concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) Economic development and job attraction and retention in South Carolina; and
- (3) Preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high-quality utility services.”

12. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution of all issues in the above-captioned proceeding, and shall neither take any position contrary to the good faith duty agreed to herein nor encourage or aid any other Intervenors to take a position contrary to the terms of this Settlement Agreement. The Parties agree to use reasonable efforts to defend and support any Commission order with no

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require SCE&G to provide any offset, credit, refund, reimbursement, or other compensation to customers for rates considered and approved by the Commission and placed into effect prior to January 1, 2016. The reduction in the Company's return on equity shall only be prospectively applied for the purpose of calculating revised rates sought by the Company on and after January 1, 2016, until such time as the Units are completed and for Base Load Review Act purposes only.

other provisions issued approving this Settlement Agreement and the terms and conditions contained herein.

13. The Parties request that the Commission hold a hearing on this Settlement Agreement, pursuant to S.C. Code Ann. § 58-33-270(G) (Supp. 2014), simultaneously with the hearing on the merits of the Petition, which is currently scheduled to begin on July 21, 2015, and request that the Commission adopt this Settlement Agreement as part of its order in this proceeding. In furtherance of this request, the Parties stipulate and agree that the terms of this Settlement Agreement comport with the terms of the BLRA.

14. This Settlement Agreement contains the complete agreement of the Parties. There are no other terms and conditions to which the Parties have agreed. The Parties agree that this Settlement Agreement will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will this Settlement Agreement, or any of the matters agreed to in it, be used as evidence or precedent in any future proceeding. Any Party may withdraw from the Settlement Agreement without penalty if (i) the Commission does not approve this Settlement Agreement in its entirety or (ii) an appellate court does not affirm in all respects the Commission's order approving this Settlement Agreement in its entirety. If a Party elects to withdraw from the Settlement Agreement pursuant to this paragraph, then the provisions of this Settlement Agreement will no longer be binding upon the Parties.

15. This Settlement Agreement shall be effective upon execution by the Parties and shall be interpreted according to South Carolina law. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to the terms and conditions of this Settlement Agreement by affixing his or her signature or authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the Settlement Agreement. Facsimile signatures and e-mail

signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

**[Signatures on the following pages.]**

WE AGREE:

**Representing and binding the South Carolina Office of Regulatory Staff**

Shannon B. Hudson

Shannon Bowyer Hudson, Esquire

Jeffrey M. Nelson, Esquire

**South Carolina Office of Regulatory Staff**

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WE AGREE:

**Representing and binding South Carolina Energy Users Committee**



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WE AGREE:

Representing and binding South Carolina Electric & Gas Company



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**BLRA Milestones  
VC Summer Units 2 and 3**

Settlement Exhibit 1  
Exhibit No. \_\_ (SAB-2)

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	Revised Completion Date	Unit
1	Approve Engineering Procurement Construction Agreement	Complete	Complete	
2	Issue POs to nuclear component fabricators for Units 2 & 3 Containment Vessels	Complete	Complete	
3	Contractor Issue PO to Passive Residual Heat Removal Heat Exchanger Fabricator - First Payment - Unit 2	Complete	Complete	
4	Contractor Issue PO to Accumulator Tank Fabricator - Unit 2	Complete	Complete	
5	Contractor Issue PO to Core Makeup Tank Fabricator - Units 2 & 3	Complete	Complete	
6	Contractor Issue PO to Squib Valve Fabricator - Units 2 & 3	Complete	Complete	
7	Contractor Issue PO to Steam Generator Fabricator - Units 2 & 3	Complete	Complete	
8	Contractor Issue Long Lead Material PO to Reactor Coolant Pump Fabricator - Units 2 & 3	Complete	Complete	
9	Contractor Issue PO to Pressurizer Fabricator - Units 2 & 3	Complete	Complete	
10	Contractor Issue PO to Reactor Coolant Loop Pipe Fabricator - First Payment - Units 2 & 3	Complete	Complete	
11	Reactor Vessel Internals - Issue Long Lead Material PO to Fabricator - Units 2 & 3	Complete	Complete	
12	Contractor Issue Long Lead Material PO to Reactor Vessel Fabricator - Units 2 & 3	Complete	Complete	
13	Contractor Issue PO to Integrated Head Package Fabricator - Units 2 & 3	Complete	Complete	
14	Control Rod Drive Mechanism Issue PO for Long Lead Material to Fabricator - Units 2 & 3 - first payment	Complete	Complete	
15	Issue POs to nuclear component fabricators for Nuclear Island structural CA20 Modules	Complete	Complete	
16	Start Site Specific and balance of plant detailed design	Complete	Complete	
17	Instrumentation & Control Simulator - Contractor Place Notice to Proceed - Units 2 & 3	Complete	Complete	
18	Steam Generator - Issue Final PO to Fabricator for Units 2 & 3	Complete	Complete	
19	Reactor Vessel Internals - Contractor Issue PO for Long Lead Material (Heavy Plate and Heavy Forgings) to Fabricator - Units 2 & 3	Complete	Complete	
20	Contractor Issue Final PO to Reactor Vessel Fabricator - Units 2 & 3	Complete	Complete	
21	Variable Frequency Drive Fabricator Issue Transformer PO - Units 2 & 3	Complete	Complete	
22	Start clearing, grubbing and grading	Complete	Complete	
23	Core Makeup Tank Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete	Complete	
24	Accumulator Tank Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete	Complete	
25	Pressurizer Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete	Complete	
26	Reactor Coolant Loop Pipe - Contractor Issue PO to Fabricator - Second Payment - Units 2 & 3	Complete	Complete	
27	Integrated Head Package - Issue PO to Fabricator - Units 2 and 3 - second payment	Complete	Complete	
28	Control Rod Drive Mechanisms - Contractor Issue PO for Long Lead Material to Fabricator - Units 2 & 3	Complete	Complete	
29	Contractor Issue PO to Passive Residual Heat Removal Heat Exchanger Fabricator - Second Payment - Units 2 & 3	Complete	Complete	
30	Start Parr Road intersection work	Complete	Complete	
31	Reactor Coolant Pump - Issue Final PO to Fabricator - Units 2 & 3	Complete	Complete	
32	Integrated Heat Packages Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete	Complete	
33	Design Finalization Payment 3	Complete	Complete	
34	Start site development	Complete	Complete	
35	Contractor Issue PO to Turbine Generator Fabricator - Units 2 & 3	Complete	Complete	
36	Contractor Issue PO to Main Transformers Fabricator - Units 2 & 3	Complete	Complete	
37	Core Makeup Tank Fabricator Notice to Contractor Receipt of Long Lead Material - Units 2 & 3	Complete	Complete	
38	Design Finalization Payment 4	Complete	Complete	
39	Turbine Generator Fabricator Issue PO for Condenser Material - Unit 2	Complete	Complete	
40	Reactor Coolant Pump Fabricator Issue Long Lead Material Lot 2 - Units 2 & 3	Complete	Complete	
41	Passive Residual Heat Removal Heat Exchanger Fabricator Receipt of Long Lead Material - Units 2 & 3	Complete	Complete	
42	Design Finalization Payment 5	Complete	Complete	
43	Start erection of construction buildings, to include craft facilities for personnel, tools, equipment; first aid facilities; field offices for site management and support personnel; temporary warehouses; and construction hiring office	Complete	Complete	
44	Reactor Vessel Fabricator Notice to Contractor of Receipt of Flange Nozzle Shell Forging - Unit 2	Complete	Complete	
45	Design Finalization Payment 6	Complete	Complete	
46	Instrumentation and Control Simulator - Contractor Issue PO to Subcontractor for Radiation Monitor System - Units 2 & 3	Complete	Complete	
47	Reactor Vessel Internals - Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	Complete	Complete	
48	Turbine Generator Fabricator Issue PO for Moisture Separator Reheater/Feedwater Heater Material - Unit 2	Complete	Complete	
49	Reactor Coolant Loop Pipe Fabricator Acceptance of Raw Material - Unit 2	Complete	Complete	

South Carolina Electric & Gas Company

**BLRA Milestones  
VC Summer Units 2 and 3**

Settlement Exhibit 1  
Exhibit No. \_\_ (SAB-2)

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	Revised Completion Date	Unit
50	Reactor Vessel Internals - Fabricator Start Weld Neutron Shield Spacer Pads to Assembly - Unit 2	Complete	Complete	
51	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 2	Complete	Complete	
52	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 2	Complete	Complete	
53	Start excavation and foundation work for the standard plant for Unit 2	Complete	Complete	
54	Steam Generator Fabricator Notice to Contractor of Receipt of 2nd Steam Generator Tubesheet Forging - Unit 2	Complete	Complete	
55	Reactor Vessel Fabricator Notice to Contractor of Outlet Nozzle Welding to Flange Nozzle Shell Completion - Unit 2	Complete	Complete	
56	Turbine Generator Fabricator Notice to Contractor Condenser Fabrication Started - Unit 2	Complete	Complete	
57	Complete preparations for receiving the first module on site for Unit 2	Complete	Complete	
58	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Transition Cone Forging - Unit 2	Complete	Complete	
59	Reactor Coolant Pump Fabricator Notice to Contractor of Manufacturing of Casing Completion - Unit 2	Complete	Complete	
60	Reactor Coolant Loop Pipe Fabricator Notice to Contractor of Machining, Heat Treating & Non-Destructive Testing Completion - Unit 2	Complete	Complete	
61	Core Makeup Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 2	Complete	Complete	
62	Polar Crane Fabricator Issue PO for Main Hoist Drum and Wire Rope - Units 2 & 3	Complete	Complete	
63	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 3	Complete	Complete	
64	Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 2	Complete	Complete	
65	Start placement of mud mat for Unit 2	Complete	Complete	
66	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Tubing - Unit 2	Complete	Complete	
67	Pressurizer Fabricator Notice to Contractor of Welding of Upper and Intermediate Shells Completion - Unit 2	Complete	Complete	
68	Reactor Vessel Fabricator Notice to Contractor of Closure Head Cladding Completion - Unit 3	Complete	Complete	
69	Begin Unit 2 first nuclear concrete placement	Complete	Complete	
70	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 2	Complete	Complete	
71	Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	Complete	Complete	
72	Steam Generator Fabricator Notice to Contractor of Completion of 1st Steam Generator Tubing Installation - Unit 2	Complete	Complete	
73	Reactor Coolant Loop Pipe - Shipment of Equipment to Site - Unit 2	Complete	Complete	
74	Control Rod Drive Mechanism - Ship Remainder of Equipment (Latch Assembly & Rod Travel Housing) to Head Supplier - Unit 2	Complete	Complete	
75	Pressurizer Fabricator Notice to Contractor of Welding of Lower Shell to Bottom Head Completion - Unit 2	Complete	Complete	
76	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 2	Complete	Complete	
77	Design Finalization Payment 14	Complete	Complete	
78	Set module CA04 for Unit 2	Complete	Complete	
79	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Final Post Weld Heat Treatment - Unit 2	Complete	Complete	
80	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Completion of Tubing - Unit 2	Complete	Complete	
81	Polar Crane Fabricator Notice to Contractor of Girder Fabrication Completion - Unit 2	Complete	Complete	
82	Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 3	Complete	Complete	
83	Set Containment Vessel ring #1 for Unit 2	Complete	Complete	
84	Reactor Coolant Pump Fabricator Delivery of Casings to Port of Export - Unit 2	Complete	Complete	
85	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 3	Complete	Complete	
86	Reactor Vessel Fabricator Notice to Contractor of Receipt of Core Shell Forging - Unit 3	Complete	Complete	
87	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 3	Complete	Complete	
88	Set Nuclear Island structural module CA03 for Unit 2	6/26/2013	12/28/2015	Unit 2
89	Squib Valve Fabricator Notice to Contractor of Completion of Assembly and Test for Squib Valve Hardware - Unit 2	Complete	Complete	
90	Accumulator Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	Complete	Complete	
91	Polar Crane Fabricator Notice to Contractor of Electric Panel Assembly Completion - Unit 2	Complete	Complete	
92	Start containment large bore pipe supports for Unit 2	Complete	Complete	
93	Integrated Head Package - Shipment of Equipment to Site - Unit 2	Complete	Complete	
94	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 2	Complete	Complete	
95	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 3	Complete	Complete	
96	Steam Generator Fabricator Notice to Contractor of Satisfactory Completion of 1st Steam Generator Hydrotest - Unit 2	Complete	Complete	
97	Start concrete fill of Nuclear Island structural modules CA01 and CA02 for Unit 2	4/3/2014	7/18/2015	Unit 2
98	Passive Residual Heat Removal Heat Exchanger - Delivery of Equipment to Port of Entry - Unit 2	Complete	Complete	
99	Refueling Machine Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 2	Complete	Complete	

South Carolina Electric & Gas Company

**BLRA Milestones  
VC Summer Units 2 and 3**

Settlement Exhibit 1  
Exhibit No. (\$M8-2)

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	Revised Completion Date	Unit
100	Deliver Reactor Vessel Internals to Port of Export - Unit 2	1/31/2014	7/30/2015	Unit 2
101	Set Unit 2 Containment Vessel #3	4/24/2014	8/23/2016	Unit 2
102	Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 2	Complete	Complete	
103	Turbine Generator Fabricator Notice to Contractor Turbine Generator Ready to Ship - Unit 2	Complete	Complete	
104	Pressurizer Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	3/31/2014	3/28/2015	Unit 3
105	Polar Crane - Shipment of Equipment to Site - Unit 2	1/31/2014	12/31/2015	Unit 2
106	Reactor Vessel Unit 2 Reactor Vessel on site from fabricator	Complete	Complete	
107	Set Unit 2 Reactor Vessel	6/23/2014	8/9/2016	Unit 2
108	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Channel Head to Tubesheet Assembly Welding - Unit 3	12/31/2013	3/30/2015	Unit 3
109	Reactor Coolant Pump Fabricator Notice to Contractor of Final Fabricator Assembly Completion - Unit 3	8/31/2014	10/30/2015	Unit 3
110	Reactor Coolant Pump - Shipment of Equipment to Site (2 Reactor Coolant Pumps) - Unit 2	10/31/2018	5/30/2016	Unit 2
111	Place first nuclear concrete for Unit 3	Complete	Complete	
112	Set Unit 2 Steam Generator	10/23/2014	10/10/2016	Unit 2
113	Main Transformers Ready to Ship - Unit 2	Complete	Complete	
114	Complete Unit 3 Steam Generator Hydrotest at fabricator	2/28/2014	7/30/2015	Unit 3
115	Set Unit 2 Containment Vessel Bottom Head on basement legs	Complete	Complete	
116	Set Unit 2 Pressurizer Vessel	5/16/2014	8/23/2016	Unit 2
117	Reactor Coolant Pump Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 3	2/28/2015	10/31/2017	Unit 3
118	Deliver Reactor Vessel Internals to Port of Export - Unit 3	6/30/2015	12/31/2016	Unit 3
119	Main Transformers Fabricator Issue PO for Material - Unit 3	Complete	Complete	
120	Complete welding of Unit 2 Passive Residual Heat Removal System piping	2/5/2015	1/16/2017	Unit 2
121	Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 3	4/30/2015	1/30/2016	Unit 3
122	Refueling Machine - Shipment of Equipment to Site - Unit 3	2/28/2015	3/27/2016	Unit 3
123	Set Unit 2 Polar Crane	1/9/2015	12/19/2016	Unit 2
124	Reactor Coolant Pumps - Shipment of Equipment to Site - Unit 3	6/30/2015	4/30/2017	Unit 3
125	Main Transformers Ready to Ship - Unit 3	7/31/2015	12/30/2015	Unit 3
126	Spent Fuel Storage Rack - Shipment of Last Rack Module - Unit 3	7/31/2014	5/31/2015	Unit 3
127	Start electrical cable pulling in Unit 2 Auxiliary Building	8/14/2013	11/29/2016	Unit 2
128	Complete Unit 2 Reactor Coolant System cold hydro	1/22/2016	2/19/2018	Unit 2
129	Activate class 1E DC power in Unit 2 Auxiliary Building	3/15/2015	6/22/2017	Unit 2
130	Complete Unit 2 hot functional test	5/3/2016	5/23/2018	Unit 2
131	Install Unit 3 Wdg 3 for containment vessel	8/25/2015	2/27/2017	Unit 3
132	Load Unit 2 nuclear fuel	9/15/2016	12/21/2018	Unit 2
133	Unit 2 Substantial Completion	3/15/2017	8/19/2019	Unit 2
134	Set Unit 3 Reactor Vessel	10/22/2015	5/26/2017	Unit 3
135	Set Unit 3 Steam Generator #2	2/25/2016	9/22/2017	Unit 3
136	Set Unit 3 Pressurizer Vessel	7/16/2015	11/27/2017	Unit 3
137	Complete welding of Unit 3 Passive Residual Heat Removal System piping	6/18/2016	1/29/2018	Unit 3
138	Set Unit 3 polar crane	5/9/2016	12/18/2017	Unit 3
139	Start Unit 3 Shield Building roof slab replacement	5/26/2016	5/11/2018	Unit 3
140	Start Unit 3 Auxiliary Building electrical cable pulling	11/7/2014	6/23/2017	Unit 3
141	Activate Unit 3 Auxiliary Building class 1E DC power	5/15/2016	3/13/2018	Unit 3
142	Complete Unit 3 Reactor Coolant System cold hydro	3/22/2017	2/26/2019	Unit 3
143	Complete Unit 3 hot functional test	7/3/2017	5/26/2019	Unit 3
144	Complete Unit 3 nuclear fuel load	11/15/2017	12/19/2019	Unit 3
145	Begin Unit 3 full power operation	4/8/2018	5/20/2020	Unit 3
146	Unit 3 Substantial Completion	5/15/2018	6/16/2020	Unit 3

**RESTATED and UPDATED CONSTRUCTION EXPENDITURES**

(Thousands of \$)

**V.C. Summer Units 2 and 3 - Summary of SCE&G Capital Cost Components**

Actual through December 2014* plus Projected															
Plant Cost Categories	Total	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fixed with No Adjustment															
Firm with Fixed Adjustment A															
Firm with Fixed Adjustment B															
Firm with Indexed Adjustment															
Actual Craft Wages															
Non-Labor Costs															
Time & Materials															
Owners Costs															
Transmission Costs	329,512	-	26	724	927	11,984	51,677	58,593	47,207	64,578	64,794	30,314	710	-	-
Total Base Project Costs(2007 \$)	5,246,638	21,723	97,386	319,073	374,810	314,877	488,461	448,947	422,076	742,980	759,311	658,948	389,817	169,840	38,289
Total Project Escalation	1,300,488	-	3,519	20,930	23,741	34,084	74,485	88,622	89,890	196,694	247,926	240,312	151,548	92,070	36,065
Total Revised Project Cash Flow	6,547,124	21,723	100,905	340,003	398,551	349,061	562,946	537,569	511,966	939,674	1,007,237	899,260	541,365	262,510	74,354
Cumulative Project Cash Flow(Revised)		21,723	122,629	462,632	861,183	1,210,244	1,773,190	2,310,759	2,822,725	3,762,398	4,769,635	5,668,895	6,210,260	6,472,770	6,547,124
AFUDC(Capitalized Interest)	279,790	645	3,497	10,584	17,150	14,218	18,941	27,722	26,131	30,502	44,426	39,884	30,984	11,529	3,599
Gross Construction	6,826,914	22,368	104,403	350,587	415,701	363,278	581,886	565,291	538,097	970,176	1,051,663	939,143	572,349	274,039	77,953
Construction Work In Progress		22,368	126,771	477,338	893,039	1,256,317	1,838,203	2,403,495	2,941,591	3,911,787	4,963,430	5,902,573	6,474,923	6,748,962	6,826,914

\*Applicable index escalation rates for 2014 are estimated. Escalation is subject to restatement when actual indices for 2014 are final.

**Notes:**

Current Period AFUDC rate applied **5.68%**

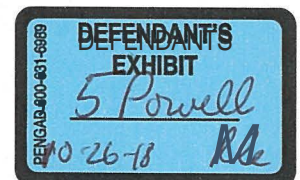
Escalation rates vary from reporting period to reporting period according to the terms of Commission Order 2009-104(A). These projections reflect current escalation rates. Future changes in escalation rates could substantially change these projections. The AFUDC rate applied is the current SCE&G rate. AFUDC rates can vary with changes in market interest rates, SCE&G's embedded cost of capital, capitalization ratios, construction work in process, and SCE&G's short-term debt outstanding.

**THE OFFICE OF REGULATORY STAFF  
SETTLEMENT AND DIRECT TESTIMONY  
& EXHIBITS**

**OF**

**ALLYN H. POWELL**

**SEPTEMBER 1, 2016**



**DOCKET NO. 2016-223-E**

**Petition of South Carolina Electric & Gas Company for  
Updates and Revisions to Schedules Related to the  
Construction of a Nuclear Base Load Generation  
Facility at Jenkinsville, South Carolina**

**SETTLEMENT AND DIRECT TESTIMONY OF**

**ALLYN H. POWELL**

**ON BEHALF OF**

**THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2016-223-E**

**IN RE: PETITION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY  
FOR UPDATES AND REVISIONS TO SCHEDULES RELATED TO THE  
CONSTRUCTION OF A NUCLEAR BASE LOAD GENERATION FACILITY  
AT JENKINSVILLE, SOUTH CAROLINA**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

**A.** My name is Allyn Powell. My Business Address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as the Manager of Nuclear Programs in the Energy Policy Division of the South Carolina Office of Regulatory Staff ("ORS").

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

**A.** I hold a Bachelor's Degree in Physics from the University of South Carolina and a Master's Degree in Physics from the College of William and Mary. My research focus while at the College of William and Mary was experimental nuclear and particle physics, and I am credited as co-author on several professional publications resulting from my research. I was previously employed as Director of State Budgeting and Finance with the Ways and Means Committee of the South Carolina House of Representatives ("WMC"). I joined WMC in 2002 as a Research Analyst, focusing on sales tax, income tax, higher education and cultural issues. I was responsible for providing background research, summarizing legislation before WMC and drafting portions of the Appropriations Act.

1 Throughout my career at WMC I served as lead staff for a variety of issue areas, including  
2 K-12 education, property tax, and budget policy. I was promoted to Director of State  
3 Budgeting and Finance in 2007. As Director of State Budgeting and Finance, I was  
4 responsible for overseeing the State budget process for WMC and the production of the  
5 Appropriations Act. In 2009, I joined the South Carolina Energy Office at the South  
6 Carolina Budget and Control Board as a Program Manager. There, I worked with issues  
7 relating to radioactive waste disposal and energy assurance planning. I also served as lead  
8 staff for the South Carolina Governor's Nuclear Advisory Council. In 2011, I joined ORS  
9 as an Associate Program Manager. As Associate Program Manager my responsibilities  
10 included reviewing Base Load Review Act plant applications, managing efforts relating to  
11 energy assurance planning and serving as ORS's lead contact for demand side management  
12 and energy efficiency programs. In 2013, I left ORS to take a position as the Capital  
13 Budgeting Manager for the State of South Carolina in the State Budget Office. In that role  
14 I was responsible for reviewing applications by state agencies to establish and modify  
15 construction projects, approving projects under a certain threshold and summarizing larger  
16 projects for approval by members of the Joint Bond Review Committee and the Budget  
17 and Control Board. I also testified as requested before both bodies and was responsible for  
18 producing monthly reports regarding capital project budget and expenditures. In 2015, I  
19 returned to ORS as the Manager of Nuclear Programs. My duties at ORS include managing  
20 the review of Base Load Review Act applications as well as managing the Radioactive  
21 Waste Disposal Program, which provides oversight for South Carolina's low level  
22 radioactive waste disposal facility located in Barnwell, SC.

**Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA ("COMMISSION")?**

**A.** Yes. I have provided written and oral testimony with regard to the construction of the nuclear base load facility at Jenkinsville, SC (the "Project" or "Units") by South Carolina Electric & Gas Company (the "Company" or "SCE&G").

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

**A.** The purpose of my testimony is to provide an overview of ORS's findings regarding SCE&G's Petition for Updates and Revisions to Schedules Related to the Construction of a Nuclear Base Load Generation Facility at Jenkinsville, SC ("Petition") and to discuss the Settlement Agreement (the "Settlement" or "SA") dated August 1, 2016 that was entered into between ORS, SCE&G, Frank Knapp, the South Carolina Energy Users Committee, Central Electric Power Cooperative, Inc., and the Electric Cooperatives of South Carolina, Inc. (the "Settling Parties").

**Q. WHAT IS THE COMPANY REQUESTING IN THIS PROCEEDING?**

**A.** Under S.C. Code Ann. Section 58-33-270(E) (2015) of the Base Load Review Act ("BLRA"), SCE&G is requesting the Commission to modify the construction schedules and accompanying BLRA milestones to reflect new guaranteed substantial completion dates ("GSCDs") of August 31, 2019 and August 31, 2020 for Unit 2 and Unit 3, respectively. SCE&G is also requesting an increase to the capital cost estimates of approximately \$852 million. This was reduced to approximately \$846 million in SCE&G's testimony (Exhibit AHP-1). The largest portion of the increase is \$781.1 million in Engineering, Procurement and Construction Contract ("EPC Contract") cost increases, comprised of \$137.5 million in costs resulting from an amendment to the EPC Contract

executed on October 27, 2015 ("Amendment" or "EPC Amendment"), \$505.5 million in costs resulting from SCE&G's decision to exercise an option in the EPC Amendment that moves many of the EPC Contract costs to a fixed category ("Option"), \$85.5 million resulting from a reversal of the credit for liquidated damages that SCE&G previously credited to its customers via Order No. 2015-661, and \$52.5 million in increases due to Change Orders. As part of this proceeding SCE&G is also asking for approval of its decision to exercise the Option. The remaining cost increases are due to Owners Costs (\$20.8 million), Escalation (\$2.3 million) and an allowance for funds used during construction ("AFUDC") (\$42.4 million).

**Q. PLEASE DESCRIBE ORS'S ACTIVITIES IN RESPONSE TO SCE&G'S PETITION.**

**A.** ORS has been actively reviewing documentation related to the Amendment since October 2015, and much of the information in the Petition was covered by several rounds of continuing information requests related to that review. ORS asked the Company to update its responses to these requests in light of the Petition. In addition, ORS met frequently with representatives from SCE&G's construction, business and finance departments to discuss the details of the Petition and the supporting documentation. ORS also interviewed several SCE&G, Westinghouse Electric Company ("Westinghouse") technical experts and Fluor Corporation ("Fluor") technical experts to fully understand the various components of the Petition.

**Q. PLEASE BRIEFLY DESCRIBE THE SETTLEMENT AGREEMENT.**

**A.** In the Settlement, the Settling Parties negotiated the following key benefits for ratepayers:

- 1           1. An agreement by SCE&G to guarantee (the "Guarantee") that the scopes of work  
2           covered by the Option remain fixed (SA paragraph #12). As part of the Guarantee,  
3           SCE&G agrees to fix costs to ratepayers for scopes of work covered by the Option  
4           by not seeking any future increases for these scopes of work in the cost schedules  
5           for the Units and by not seeking revised rates for such increases.
- 6           2. A moratorium (the "Moratorium") on additional filings to increase cost schedules  
7           prior to January 28, 2019 with this date being extended day-for-day with any delay  
8           in the commercial operation date of Unit 2 (SA paragraph #13).
- 9           3. An agreement by SCE&G to reduce the return on equity (the "ROE Reduction")  
10          rate used to compute revised rates filings after January 1, 2017 from 10.5% to  
11          10.25% (SA paragraph #18).
- 12          4. A provision capping at \$20 million the amount SCE&G can recover for the items  
13          listed in Schedule C of the Amendment (**excluding** Plant Layout Security, Phase 3  
14          and Plant Security Systems Integration which are otherwise addressed in the  
15          Settlement) that were in dispute with Westinghouse at the time of the Amendment  
16          but were not resolved through the Amendment (*i.e.*, the "Schedule C" items) (SA  
17          paragraph #12).
- 18          5. A requirement that all future requests to increase cost schedules due to Change  
19          Orders shall require a signed Change Order to be presented at the time of the request  
20          and disallowing future requests based on informal estimates of Change Order costs  
21          (SA paragraph #12).
- 22          6. Enhanced mandatory public reporting of schedule information, productivity and  
23          production metrics for construction, and issues related to the EPC Contract and the

1 Project going forward (SA paragraph #10).

2 In the context of these benefits, the Settling Parties agreed to the following:

- 3 7. An increase to the BLRA approved cost schedules to reflect the cost of the  
4 Amendment (\$137.5 million) and the cost of the Option (\$505.54 million) and  
5 approval of SCE&G's decision to exercise the Option (SA paragraph #5).
- 6 8. A finding that SCE&G had justified Change Orders totaling \$32.58 million (SA  
7 paragraph #6).
- 8 9. An agreement to allow a transfer of scope for the Service Building from the EPC  
9 Contract to Owner's Costs for completion of the building under a separate fixed  
10 price contract with a commercial contractor other than Westinghouse, and a  
11 reduction to the Fixed Price category of \$11.92 million, which includes the \$6.9  
12 million requested in the Petition for the Service Building, 3<sup>rd</sup> Floor and the \$5.02  
13 million already in the Fixed Price for the Service Building, 1<sup>st</sup> and 2<sup>nd</sup> Floors, and  
14 a corresponding increase in the Owner's Cost for the Service Building of \$9.2  
15 million plus \$1.3 million for escalation, in exchange for SCE&G's agreement to  
16 cap the total cost of this building to ratepayers at the revised amount of \$10.48  
17 million (which includes escalation) (SA paragraph #6).
- 18 10. Approval of the revised GSCDs for the Units of August 31, 2019 and August 31,  
19 2020 and simplification of the milestone schedule in light of the Moratorium and  
20 the fact that Fluor and Westinghouse are preparing a revised resource-loaded  
21 integrated project schedule which may revise and re-sequence the construction  
22 schedule (SA paragraph #10).
- 23 11. Enhanced mandatory public reporting of schedule information, productivity and

1 production metrics for construction, and issues related to the EPC Contract and the  
2 Project going forward. (SA paragraph #10).

3 12. In addition to the Owner's Cost associated with the transfer of the Service Building,  
4 approval of an increase in Owner's Cost of \$20.83 million largely associated with  
5 the delay in the GSCDs and the restructuring of the EPC Contract under the  
6 Amendment (SA paragraph #7).

7 ORS supports this Settlement as reasonable because it commits SCE&G to ensuring  
8 that the terms of the Option are enforced, limits SCE&G's ability to seek costs outside of  
9 the Option until Unit 2 is nearing completion and caps a number of important cost items.

10 **Q. WHAT COMPONENTS OF THE SETTLEMENT AGREEMENT ARE MOST**  
11 **IMPORTANT TO ORS?**

12 **A. The Guarantee, Moratorium and the ROE Reduction.**

13 **Q. PLEASE BRIEFLY DESCRIBE THE AMENDMENT.**

14 **A. On October 27, 2015, SCE&G signed the Amendment, which modified the EPC**  
15 **Contract in several key ways. It released Chicago Bridge and Iron ("CB&I") from its**  
16 **obligations as a member of the Consortium, leaving Westinghouse as the sole EPC**  
17 **Contract holder via its purchase of the Stone and Webster subsidiary from CB&I.**  
18 **Westinghouse later employed Fluor as a subcontracted construction manager to handle**  
19 **craft labor and day to day activities. It also moved the GSCD of Unit 2 from June 19, 2019**  
20 **to August 31, 2019 and the GSCD of Unit 3 from June 16, 2020 to August 31, 2020. It**  
21 **resolved a number of outstanding disputes regarding whether some items were included in**  
22 **the scope of the EPC Contract, resolved outstanding disputes regarding invoices, and**  
23 **included more specific wording regarding the provision in the EPC Contract related to**

1 changes in law. It also included an Option to move a large portion of the EPC Contract  
2 costs to a fixed cost category. The ability to exercise this Option is contingent on approval  
3 by the Commission and Santee Cooper.

4 **Q. DOES THE OPTION MAKE THE EPC CONTRACT AN ENTIRELY FIXED**  
5 **PRICE CONTRACT?**

6 **A.** No. The Option specifically excludes some items such as sales tax and insurance,  
7 as well as force majeure events. Exhibit C of the Amendment also includes a list of items  
8 not fully resolved by the Amendment. Some of these items are included in this Petition as  
9 Change Orders. While it does move many of the EPC Contract costs to a fixed price  
10 category, this fixed price is still subject to change via further EPC Contract amendments  
11 or Change Orders. It also does not prevent SCE&G from voluntarily removing items from  
12 the fixed price scope to the Owners Cost scope via a Change Order. However, in the  
13 Settlement, ORS insisted that such transfers not be recognized unless the work could be  
14 done as an Owner-directed item for a price fixed by SCE&G at an amount that is less than  
15 or equal to the amount that was formerly included in the fixed price scope. Therefore,  
16 under the terms of the Settlement, transfers may not result in any increase in the ultimate  
17 cost for SCE&G's ratepayers.

18 **Q. HOW IS THIS AMENDMENT DIFFERENT FROM PREVIOUS EPC CONTRACT**  
19 **AMENDMENTS?**

20 **A.** Previous EPC Contract amendments were executed to incorporate Change Orders,  
21 revise GSCDs or clarify wording in the EPC Contract on one or two issues. These  
22 amendments had substantial calculations and backup documentation. The Amendment is  
23 different in that it served as a comprehensive settlement that substantially changed the EPC

1 contract by removing a member of the Consortium, settling outstanding disputes,  
2 substantially revising the bonus and liquidated damages provisions and modifying the  
3 GSCDs. While SCE&G does have documentation behind the potential cost of some of the  
4 items resolved in the dispute, in most cases these costs are not well supported and are not  
5 auditable. The revised contract amounts to a renegotiation of the price of the Units. This  
6 Amendment also included the Option, which changes the structure of much of the EPC  
7 Contract going forward by moving many costs to a fixed category. This capped the amount  
8 that Westinghouse can charge to complete the work within the scope of the Option at  
9 \$3.345 billion. The Option includes within it a premium charged by Westinghouse for  
10 fixing these costs. While it is possible to calculate this number using the price from the  
11 Option for the remaining work, this remains a premium that is primarily associated with  
12 risk and is not supported by specific construction estimates.

13 **Q. PLEASE SUMMARIZE ORS'S ANALYSIS OF THE PETITION?**

14 **A.** ORS has concerns regarding both costs and construction schedules outlined in the  
15 Petition.

16 **Schedule**

17 While Westinghouse has indicated to ORS it has confidence in the logic behind the  
18 activities within the schedule, it has also indicated that they do not have Fluor's full input  
19 on the resources needed to complete these activities. Westinghouse has further indicated  
20 that the current construction schedule cannot be met without substantial improvement in  
21 current production and productivity rates. The current schedule requires the simultaneous  
22 use of numerous mitigation strategies, which are worked outside of the main schedule and  
23 increase ORS's concern regarding the uncertainty in the schedule. Meeting the current

1 construction schedule will require substantial improvements in both productivity and  
2 production. Throughout the course of this project, Westinghouse and its Consortium  
3 partner have presented aggressive schedules along with plans to make improvements to  
4 meet those schedules. Thus far, they have not been successful. ORS has seen positive  
5 changes recently, but with Fluor's fully resource-loaded, construction schedule still  
6 outstanding a great deal of uncertainty remains. While ORS believes the sequence of  
7 construction activities to be valid, ORS has concerns these activities may take longer than  
8 previously estimated. There is only so much time that can be made up by increased  
9 staffing, especially due to the small spaces in which some of the work must take place. The  
10 GSCDs in the Petition accurately reflect the GSCDs in the Amendment, that is GSCDs of  
11 August 31 2019 for Unit 2 and August 31, 2020 for Unit 3. ORS believes that it will take  
12 at least this long to complete the Units, and in fact it is likely to take longer. At this time,  
13 ORS is still of the opinion that the Units can be completed within the 18 month window  
14 from the GSCDs allowed under Order No. 2009-104(A). However, even a relatively small  
15 delay in Unit 3 would jeopardize the ability of SCE&G to obtain the production tax credits  
16 for that Unit. ORS does not object to the approval of revised BLRA milestone schedule  
17 and GSCDs, as ORS believes it will take at least this long to complete the Units, but ORS  
18 is concerned regarding the level of uncertainty in the schedule at this time. This uncertainty  
19 regarding the schedule has also impacted other areas of ORS's analysis. It is difficult to  
20 properly evaluate items such as Owner's Costs, Escalation and to a certain extent Change  
21 Orders - some of whose costs are dependent on durations and need dates- without an  
22 adequate understanding of the schedule to back these up.

23 **Amendment**

1 As to the \$137.5 million requested for the Amendment, ORS has only found  
2 documentation to support approximately \$64.6 million of the \$224.4 million in value that  
3 SCE&G assigned to the Amendment. While ORS recognizes that the Amendment resolved  
4 a number of commercial disputes, both directly between SCE&G and the Consortium and  
5 by releasing a Consortium partner and thus reducing disputes within the Consortium, it is  
6 difficult to assign a valuation to this resolution. The Amendment also included changes to  
7 both the bonus and liquidated damages provisions in the EPC Contract, with which ORS  
8 has concerns. The Amendment served as a comprehensive settlement and ORS has not  
9 found adequate documentation to support the value of this settlement.

10 **Option**

11 Closely related to this is the issue of the \$505.54 million cost for the Option. While  
12 ORS believes, based on SCE&G's sensitivity study, that the Option on its surface  
13 represents a good value given current production and productivity trends, the determination  
14 of the Option's true value is based entirely on an analysis of Westinghouse's willingness  
15 to abide by the terms of the contract and SCE&G's willingness to hold Westinghouse to  
16 those terms. Moving many of the costs to a fixed price category does simplify many areas  
17 where there were previously disputes. However, it also provides the opportunity for new  
18 disputes. The new fixed price Change Orders requests being provided by Westinghouse  
19 have been accompanied by a lower level of documentation, and changes to buildings or  
20 other items within the scope of the fixed price have proved so problematic that SCE&G  
21 has, in at least two cases, begun pulling these out of Westinghouse's scope and into the  
22 Owner's Cost. Based on previous experience with this contract and SCE&G's sensitivity  
23 study, which at current production and productivity trends shows substantial potential

1 losses to Westinghouse, ORS is concerned that the Option will not truly fix this portion of  
2 the cost of the Units. For this reason, in the Settlement ORS insisted that SCE&G agree to  
3 stand behind the "fixed price" and provide a guarantee that no additional ratepayer dollars  
4 will be requested for items in the scope of the "fixed price" in the Option. The Settlement  
5 further protects ratepayers by placing caps on other items of particular concern, such as  
6 many items associated with Exhibit C which were not resolved as part of the Option.  
7 Absent these additional guarantees, ORS would be concerned that the ratepayers were not  
8 adequately protected by the Option.

9 **Liquidated Damages**

10 As to the \$85.53 million in liquidated damages that were previously credited to  
11 ratepayers, ORS agrees that the Amendment does move the time frame for collecting these  
12 damages out into the future and as such they are properly added back to the budget of the  
13 Project.

14 **Owner's Costs**

15 The \$20.83 million in Owner's Costs are well documented and track appropriately  
16 with the current schedule and budget. As with all areas related to the construction schedule,  
17 ORS has concerns that the time frames underlying this estimate are not yet mature and have  
18 a high degree of uncertainty. However, as ORS believes that these estimates are in fact  
19 lower, ORS does not oppose the use of this estimate of Owner's Costs, recognizing that  
20 there is still uncertainty in these costs related to the schedule.

21 **Escalation and AFUDC**

22 Similarly, SCE&G's request for \$2.3 million in Escalation and \$42.4 million in  
23 AFUDC as outlined in Kevin Kochems testimony are well documented and track

1 appropriately with the current schedule and budget. ORS does not oppose the use of these  
2 estimates, with the same caveats as applied to Owner's Costs. As is recognized in the  
3 Settlement, escalation and AFUDC are not fixed, but vary according to the approved  
4 escalation indices and AFUDC rate calculation as they change from time to time. When  
5 the changes associated with the transfer of the Service Building from the Fixed Price to  
6 Owners Costs are included, the total estimate supported by the Settlement for Escalation  
7 and AFUDC is \$45.18 million.

8 **Transmission**

9 SCE&G removed its original request in the Petition for an additional \$4.3  
10 Transmission dollars as the methodology for remedying those issues is still under review.  
11 ORS agrees with SCE&G's assessment and does not recommend the inclusion of these  
12 dollars.

13 **Change Orders**

14 SCE&G's Petition also included \$52.5 million in Change Orders. When evaluating  
15 Change Orders, ORS expects that the documentation supporting them will include signed  
16 Change Orders, signed agreements with detailed documentation that will form the basis for  
17 future Change Orders, or at the very least a mature level of detailed documentation  
18 supporting a Change Order that is nearly ready to be signed. When the Petition was filed,  
19 such a level of documentation was only available for a few of the smaller Change Orders.  
20 SCE&G has done additional research and in some cases has received additional proposals  
21 from Westinghouse since that time. ORS's review of the associated documentation  
22 supports the inclusion of \$32.58 million for Change Orders at this time. ORS has worked  
23 with SCE&G to improve the level of documentation, and is now able to support at least a

1 portion of the costs associated with each of the Change Order requests included in the  
2 Petition. In some cases, this is lower than the amount requested as the latest Westinghouse  
3 estimates are below the amounts originally estimated by SCE&G in the Petition. It is the  
4 position of ORS that until a Change Order has been agreed to by both parties, the costs  
5 associated with it are not properly included in BLRA cost forecasts. Under the Settlement,  
6 only signed Change Orders will be allowed going forward. SCE&G will be prevented from  
7 presenting estimates of Change Order cost for inclusion in cost forecasts.

8 This Change Order total does not reflect increases related to the 3<sup>rd</sup> Floor of the  
9 Service Building. Subsequent to filing Direct Testimony, SCE&G made a decision to  
10 move the entire Service Building out of the scope of the EPC Contract and into Owner's  
11 Costs. This decision was made to support the construction of the 3<sup>rd</sup> Floor, which was  
12 needed to allow consolidation of certain support staff within the protected area of the site,  
13 in a time frame which met SCE&G's need date for the building. ORS had concerns  
14 regarding this decision, and the potential impact to ratepayers of moving this scope of work  
15 out of the fixed price category. Outside of the scope of the Settlement, ORS was unable to  
16 support this request. The Settlement reflects the fact that SCE&G has now decided to  
17 construct the Service Building as an Owner's cost item and to do so under a fixed price  
18 contract with a commercial contractor. SCE&G will transfer the associated amount from  
19 the Fixed Price category to the Owner's Cost category and the amounts shall be included  
20 in the BLRA-approved capital cost schedule along with any associated escalation and  
21 AFUDC. Specifically for the Service Building, including the Third Floor, SCE&G agrees  
22 to reduce the Fixed Price category in the amount of \$11.92 million, which includes the \$6.9  
23 million requested in this Petition for the Service Building, 3<sup>rd</sup> Floor and the \$5.02 million

1 already in the Fixed Price for the Service Building, 1<sup>st</sup> and 2<sup>nd</sup> Floor, and increase the  
2 Owners Cost category in the amount of \$10.48 million (which includes escalation), and to  
3 not seek recovery from ratepayers in any future proceeding for any costs in excess of  
4 \$10.48 million for the Service Building. After execution of the Change Order between  
5 SCE&G and Westinghouse regarding the Service Building, SCE&G will provide a copy  
6 of the Change Order to ORS and if necessary, SCE&G will adjust the Owners Cost  
7 category consistent with the terms of the Settlement.

8 Overall, ORS found the level of documentation offered in this Petition to be lower  
9 than that offered in previous petitions. ORS's review was also hampered by the lack of  
10 availability of the fully resource-loaded integrated construction schedule. Time is money.  
11 Schedule and budget go hand in hand, and ORS is concerned regarding the timing of this  
12 Petition and its impact on the ability of ORS to properly evaluate budgets when the  
13 schedule is undergoing a major adjustments.

14 **Summary of ORS Recommendations**

15 In summary, ORS's review supports the inclusion of \$85.53 million for the reversal  
16 of the Liquidated Damages Credit, \$32.58 million in Change Orders, \$20.83 million in  
17 Owner's Costs (in addition to the Owner's cost associated with the transfer of the Service  
18 Building), \$2.3 million in Escalation, and \$42.4 million in AFUDC. These increases total  
19 \$183.64 million of the \$852 million requested by SCE&G in the Petition. ORS recognizes  
20 that the Escalation and AFUDC amounts in this review have been revised by the  
21 Settlement, and in the context of the Settlement ORS supports those increased amounts.

22 ORS's review of the \$137.5 million for the Amendment is less conclusive. ORS  
23 has been able to identify approximately \$64.6 million in value associated with the

1 Amendment. While many of the changes associated with the Amendment were needed and  
2 represent a positive direction for the Project, ORS is not able to support this request using  
3 our normal standards of review as the \$137.5 million increase was a settlement and cannot  
4 be traced back to individual disputed cost items. However, the amount requested is  
5 consistent with the Amendment, which has been executed. In the context of the Settlement,  
6 ORS is supportive of this amount.

7 SCE&G is also requesting that the Commission approve its decision to exercise the  
8 Option. Based on SCE&G's sensitivity study and ORS's concerns regarding the Project  
9 Schedule, ORS agrees that the Option could represent a good value for SCE&G and for  
10 ratepayers. With respect to the \$505.54 cost for the Option, ORS is only supportive of this  
11 cost in the context of the Settlement and because SCE&G has guaranteed to its ratepayers  
12 that it will stand behind the Option and will not request any additional ratepayer dollars for  
13 items included in the scope of the "fixed price" in the Option as set forth in the Settlement.

14 In the context of the Settlement, ORS also supports the increases and transfers  
15 outlined above related to the Service Building.

16 With respect to the schedule, ORS is concerned regarding the degree of uncertainty  
17 remaining regarding the schedule. The GSCDs are consistent with the Amendment, and  
18 the BLRA milestone schedule is consistent with the logic within the project schedule when  
19 the Amendment was filed. ORS believes that these dates are optimistic, but that the Project  
20 is likely to be completed within 18 months of these dates. For this reason, ORS does not  
21 oppose the revised GSCDs and BLRA milestone schedule. However, the timing of the  
22 issuance of the Commission's Order and the availability of the revised schedule present  
23 some challenges. As agreed in the Settlement, the Moratorium will be in place when

1 Westinghouse issues the new resource-loaded integrated project schedule for the Project.  
2 In recognition of that fact, the Settlement provides that the only Commission-approved  
3 BLRA milestones going forward will be the GSCDs for the two Units. This does not reduce  
4 SCE&G's reporting requirements regarding previous BLRA milestones and the Settlement  
5 imposes additional reporting requirements. The Settlement requires that SCE&G commit  
6 to immediately report the new fully resource-loaded integrated schedule when  
7 Westinghouse makes it available and that SCE&G provide updates on all milestone dates  
8 it contains in quarterly reports through the end of the Project. The Settlement also requires  
9 that SCE&G continue to provide updates on the status of any of the prior BLRA milestones  
10 and include updates on all of the construction milestones that are included in the milestone  
11 payment schedule in its quarterly reports through the end of the Project. The milestone  
12 payment schedule, when agreed to by SCE&G and Westinghouse, will represent what they  
13 believe are the key Project milestones and, as such, may provide an additional useful  
14 measure of progress for the Project. The milestone payment schedule is currently flowing  
15 through the EPC Contract's dispute resolution process. The Settlement also requires  
16 SCE&G to include data on construction and craft staffing, productivity and production in  
17 its quarterly reports.

18 Exhibit AHP-1 summarizes the differences between the Petition, SCE&G's Direct  
19 Testimony and the Settlement.

20 **Q. WHAT ACTIVITIES DOES ORS PERFORM WITH RESPECT TO ITS ON-**  
21 **GOING MONITORING OF THE APPROVED MILESTONE CONSTRUCTION**  
22 **SCHEDULE?**

1     **A.**           The Company's required quarterly reports provide a status of the approved BLRA  
2           milestone schedule. The BLRA milestone schedule consists of 146 milestone activities.  
3           ORS verifies the status of each milestone activity to ensure the activity is in accordance  
4           with previous Commission orders relating to this matter, Order Nos. 2009-104(A), 2010-  
5           12, 2011-345, 2012-884, and 2015-661. It should be noted that milestone activities are  
6           allowed by Commission order to be accelerated by up to 24 months or delayed by up to 18  
7           months.

8     **Q.   WHAT OVERSIGHT ACTIVITIES DOES ORS PERFORM WITH RESPECT TO**  
9           **ITS ON-GOING MONITORING OF THE APPROVED CAPITAL COST**  
10          **ESTIMATES?**

11    **A.**           The Company's quarterly reports provide a status of the approved capital cost  
12          estimates. ORS evaluates the Company's quarterly reports with a focus on the capital cost  
13          estimates, project cash flow, AFUDC and escalation. Collectively, these focus areas  
14          determine the status of the project budget.

15                ORS compares the capital cost estimates approved by the Commission to the capital  
16          cost estimates in the Company's quarterly reports. This comparison focuses on the major  
17          cost categories, which are:

- 18               • Fixed with No Adjustment
- 19               • Firm with Fixed Adjustment A
- 20               • Firm with Fixed Adjustment B
- 21               • Firm with Indexed Adjustment
- 22               • Actual Craft Wages
- 23               • Non-Labor Cost
- 24               • Time & Materials
- 25               • Owners Costs

• Transmission Projects

ORS evaluates cost variances which may be due to various project changes (e.g., shifts in work scopes, payment timetables, construction schedule adjustments, change orders, etc.) to determine if the cumulative amount of these changes impact the total approved capital cost of the project.

In a similar fashion, ORS compares the approved project cash flow to the project cash flow in the Company's quarterly reports. This comparison focuses on any variance to annual cash flow requirements. Lastly, AFUDC and escalation rates are evaluated to determine if appropriate rates have been applied.

Exhibit AHP-2 tracks the updates to the capital cost schedules from Commission Order No. 2009-104(A) through the Company's request in the Petition.

**Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-GOING MONITORING OF THE APPROVED CAPITAL COST ESTIMATES?**

**A.** During on-site visits, the ORS staff reviews documents that may impact the project budget. Examples of such documents are contract amendments, change orders and notices from the holder of the EPC Contract, Westinghouse. The ORS staff also reviews invoices associated with completed milestone activities to ensure milestone payments are consistent with the EPC milestone payment schedules. In addition, ORS's Audit Division further evaluates the Company's actual project expenditures.

**Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-GOING MONITORING OF THE PROJECT?**

**A.** ORS technical staff participate in monthly meetings with NND personnel, attend periodic meetings with Westinghouse and Fluor representatives, conduct periodic site tours

1 and attend Nuclear Regulatory Commission ("NRC") public meetings held near the site.  
2 ORS staff also review documents related to the construction on an ongoing basis. These  
3 documents include, but are not limited to: daily construction activities plans, a weekly  
4 construction activities report, detailed construction schedules, schedule mitigation plans,  
5 milestone activity schedules, major component fabrication status log and meeting minutes.  
6 Also, ORS performs on-site evaluations to physically observe construction activities to  
7 ensure construction progress is consistent with NND documentation. ORS staff regularly  
8 witness key project milestones, such as the setting of major structural modules, and perform  
9 site visits to companies manufacturing major components. Additionally, to keep informed  
10 of NRC's most recent policies and interpretations, ORS staff have attended the NRC's  
11 annual Regulatory Information Conference in Rockville, MD. Also, ORS performs on-site  
12 evaluations to physically observe construction activities to ensure construction progress is  
13 consistent with NND documentation. ORS routinely participates in NRC conference call  
14 meetings to monitor activities related to the project.

15 **Q. WHAT IS YOUR RECOMMENDATION?**

16 **A. ORS recommends that the Commission approve the Settlement Agreement.**

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 **A. Yes, it does.**

## Exhibit AHP-1

**SC Office of Regulatory Staff**  
**SCE&G Petition to Modify the Approved Schedule and Budget**  
**for VC Summer Units 2&3**  
**Docket No. 2016-223-E**

**Revision to Capital Cost Estimates**  
**(2007 Dollars)**

	<u>Petition</u> <u>(millions)</u>	<u>SCE&amp;G Testimony</u> <u>(millions)</u>	<u>Settlement</u> <u>(millions)</u>
<b>a. EPC Contract Cost Increase</b>			
<b>i. EPC Contract Amendment</b>			
Amendment without Option	\$ 137.50	\$ 137.50	\$ 137.50
Exercising Amendment Option to Fix Many EPC Costs	\$ 505.54	\$ 505.54	\$ 505.54
<b>Total EPC Contract Amendment Increase</b>	<b>\$ 643.04</b>	<b>\$ 643.04</b>	<b>\$ 643.04</b>
<b>ii. Liquidated Damages ("LD's")</b>			
Reverse LD's Previously Credited to Consumers	\$ 85.53	\$ 85.53	\$ 85.53
<b>Total Liquidated Damages Cost</b>	<b>\$ 85.5</b>	<b>\$ 85.5</b>	<b>\$ 85.5</b>
<b>iii. Costs Due to Change Orders:</b>			
1 Plant Layout Security, Phase 3	\$ 29.63	\$ 29.63	\$ 17.39
2 Plant Security Systems Integration	\$ 7.11	\$ 7.11	\$ 6.32
3 Service Building, Third Floor <sup>1</sup>	\$ 6.93	\$ 6.93	\$ 0.03
4 Training Staff Augmentation	\$ 4.41	\$ 4.41	\$ 4.41
5 Escrow - Software and Documentation	\$ 2.96	\$ 2.96	\$ 2.96
6 Corrective Action Program Interface	\$ 0.679	\$ 0.679	\$ 0.679
7 Classroom Simulator	\$ 0.451	\$ 0.451	\$ 0.451
8 Potential Maximum Precipitation Analysis	\$ 0.182	\$ 0.182	\$ 0.182
9 Inspections, Tests, Analyses and Acceptance Criteria Maintenance	\$ 0.098	\$ 0.098	\$ 0.098
10 Primavera Access	\$ 0.045	\$ 0.045	\$ 0.045
11 Transmission Structure Redesign/Wetlands	\$ 0.005	\$ 0.005	\$ 0.005
<b>Total Increase Due to Change Orders</b>	<b>\$ 52.5</b>	<b>\$ 52.5</b>	<b>\$ 32.6</b>
<b>iv. Credit Due to Service Building Transfer:</b>			<b>\$ (5.02)</b>
<b>Total EPC Contract Cost Increase</b>	<b>\$ 781.1</b>	<b>\$ 781.1</b>	<b>\$ 756.1</b>
<b>b. Owners Cost Increase</b>			
<b>i. Owners Cost Associated with Amendment</b>			
1 Labor	\$ 11.0	\$ 11.0	\$ 11.00
2 Non-Labor	\$ 4.6	\$ 4.6	\$ 4.60
3 Service Building Transfer <sup>2</sup>			\$ 9.17
<b>Total Owners Cost Revisions Due to Amendment</b>	<b>\$ 15.6</b>	<b>\$ 15.6</b>	<b>\$ 24.8</b>
<b>ii. Owners Cost Associated with Schedule Improvement</b>	<b>\$ 8.0</b>	<b>\$ 8.0</b>	<b>\$ 8.0</b>
<b>iii. Other Owner's Costs</b>	<b>\$ (2.8)</b>	<b>\$ (2.8)</b>	<b>\$ (2.8)</b>
<b>Total Owner's Cost Increase</b>	<b>\$ 20.8</b>	<b>\$ 20.8</b>	<b>\$ 30.0</b>
<b>c. Transmission Increase - Removed per SCE&amp;G's Testimony</b>			
Switchyard Reconfiguration	\$ 4.3		
Escalation Associated with Switchyard Reconfiguration	\$ 0.7		
<b>Total Transmission</b>	<b>\$ 5.0</b>	<b>\$ -</b>	<b>\$ -</b>
<b>d. Escalation Increase</b>	<b>\$ 2.3</b>	<b>\$ 2.3</b>	<b>\$ 3.7</b>
<b>e. AFUDC Increase</b>	<b>\$ 42.6</b>	<b>\$ 42.4</b>	<b>\$ 41.5</b>
<b>Total Revision to Cost Forecast</b>	<b>\$ 851.8</b>	<b>\$ 846.6</b>	<b>\$ 831.3</b>

*Note: Totals may not add due to rounding*

<sup>1</sup> Settlement amount reflects actual costs incurred prior to transfer to Owner's Costs.

<sup>2</sup> Transfer net \$1.3 million in Escalation. Associated escalation is included below in item (d).

# Historical Cost Changes

Docket No. 2016-223-E

	Budget as Modified by Supreme Court <sup>1</sup>	Current Budget as Approved in Order No. 2015-661 <sup>2</sup>	Budget as Required in Docket No. 2016-223-E <sup>3</sup>
<b>SCE&amp;G's Share Total Base Project Cost (2007\$)</b>	<b>\$4.096 billion</b>	<b>\$5.247 billion</b>	<b>\$6.825 billion</b>
<b>SCE&amp;G's Share Gross Cost (including Escalation and AFUDC)</b>	<b>\$6.188 billion</b>	<b>\$6.827 billion</b>	<b>\$7.679 billion</b>
<b>Estimated Total<sup>4</sup> Santee Cooper &amp; SCE&amp;G Total Base Project Cost (2007\$)</b>	<b>\$7.448 billion</b>	<b>\$9.540 billion</b>	<b>\$12.409 billion</b>
<b>Estimated Total<sup>5</sup> Santee Cooper &amp; SCE&amp;G Gross Cost (including Escalation and AFUDC)</b>	<b>\$11.251 billion</b>	<b>\$12.413 billion</b>	<b>\$13.962 billion</b>

	Increase from Supreme Court <sup>1</sup> to New Request	Increase from Current Budget to New Request
<b>SCE&amp;G's Share Total Base Project Cost (2007\$)</b>	<b>\$2.729 billion</b>	<b>\$1.578 billion</b>
<b>SCE&amp;G's Share Gross Cost (including Escalation and AFUDC)</b>	<b>\$1.491 billion</b>	<b>\$852 million</b>
<b>Estimated Total<sup>4</sup> Santee Cooper &amp; SCE&amp;G Total Base Project Cost (2007\$)</b>	<b>\$4.962 billion</b>	<b>\$2.869 billion</b>
<b>Estimated Total<sup>5</sup> Santee Cooper &amp; SCE&amp;G Gross Cost (including Escalation and AFUDC)</b>	<b>\$2.711 billion</b>	<b>\$1.549 billion</b>

<sup>1</sup> Budget from Order No. 2010-12 as modified by the Supreme Court ruling in *South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm'n*, 388 S.C. 486, 697 S.E.2d 587 (2010), which removed contingency funds from the project budget. Numbers are derived from SCE&G's Report for the Quarter Ending September 30, 2010 as filed in Docket No. 2008-196-E

<sup>2</sup> Order No. 2015-661, Exhibit 3

<sup>3</sup> Docket No. 2016-223-E, SCE&G's Petition, Exhibit 2

<sup>4</sup> This estimate is calculated by dividing SCE&G's share of the base project cost by 55%. In general, SCE&G's share of costs is 55% and Santee Cooper's share of costs is 45%. ORS is not privy to details of Santee Cooper's Owner's Costs, so this is only an estimate.

<sup>5</sup> This estimate is calculated by dividing SCE&G's share of the gross cost by 55%. In general, SCE&G's share of costs is 55% and Santee Cooper's share of costs is 45%. ORS is not privy to details of Santee Cooper's Owner's Costs, so this is only an estimate.

## Questions for Westinghouse 8/5/2016



### INTRODUCTION

✓ Please give me your full name and identify your position with Westinghouse? *Jeff Benjamin*

Have you reviewed the list of topics that we have provided to SCE&G (has SCE&G provided you with the list)? Are you in fact prepared to answer questions here today on those subjects and issues?

Do you have copies of the materials referenced in the list of questions? (Please provide them)

### EMPLOYER AND PROJECT ORGANIZATION

Please provide an overview of Westinghouse's and WECTEC's organizational structure as it pertains to this project – divisions or departments and their responsibilities, including the names of Directors or Managers.

- Please describe your role in the organization?
- Please explain when you first became involved with the construction of V.C. Summer Units 2 & 3 ("the project" or "this project").
- Do you have an organizational chart for the project? (Provide a copy)
- Specifically separately identify the Westinghouse and WECTEC personnel?

Do you have an organizational chart for the construction of Vogtle Units 3&4? Are there any differences between the responsibilities and numbers of Westinghouse and WECTEC personnel working on Vogtle Units 3&4 compared to the VCS project? Please discuss these differences.

Do you work directly with any SCE&G Personnel? Who, and in what capacity?

Please describe specifically the roles of Westinghouse, WECTEC and Fluor in this project?

- Fluor is a subcontracted construction manager, what level of decision making authority does Fluor have?
- To what extent does Fluor have the ability to execute the work needed to complete the project without prior Westinghouse approval?
- To what extent does Fluor have the ability to purchase commodities necessary to conduct work on a daily basis without prior Westinghouse approval?
- Who has daily responsibility for the project schedule? Westinghouse? Fluor? Is this changing?
- Who is directly responsible for the quality of construction work on a daily basis?
- Who is directly responsible for meeting the nuclear safety requirements on a daily basis?

### EPC CONTRACT AMENDMENT

Please briefly describe the systems, policies and procedures that Westinghouse uses to administer or perform the EPC Contract (Engineering, Procurement, and Construction) that it has with SCE&G.

- Along the same line, will you please briefly describe the system, policies and procedures that Westinghouse has in regards to Change Orders and Contract Amendments to the EPC Contract.

## Questions for Westinghouse 8/5/2016

- Has Westinghouse changed or altered any of these practices or procedures as result of the transition from CB&I as a consortium partner to Fluor as the principle construction contractor (subcontracted construction manager) on this project? What is Fluor's role in the Change Order and EPC Contract Amendment Process?

Westinghouse entered into an agreement to amend the EPC Contract in October 2015 with SCE&G ("2015 EPC Amendment"):

- Describe the circumstances giving rise to the 2015 EPC Amendment.
  - What caused the need for it?
  - Did Westinghouse consider the 2015 EPC Amendment as necessary to continue work on the project?
    - If SCE&G had not entered into this Agreement/Amendment was Westinghouse prepared to break their then existing contract?
    - What penalties or costs would Westinghouse have owed to SCE&G if you had done so?
    - Can you describe how the 2015 EPC Amendment benefitted Westinghouse?
    - How did it benefit SCE&G?
  - Who requested it? In general, when and how was the 2015 EPC Amendment negotiated?
  - To your knowledge, does Westinghouse have any written correspondence or communications regarding these negotiations?
  - Briefly describe the two approaches available to SCE&G –the continued target price contract and the Amendment outlined in Exhibit D ("the Option") that would fix a portion of project costs.
    - Does Westinghouse agree that the Option, if elected by SCE&G, establishes an absolute FIXED or final cost that SCE&G will pay for the project, with the exception of items listed in Exhibit C?
    - Is there any possibility that this "fixed" cost would increase?
    - Please describe what circumstances would lead to an increase in the "fixed" cost?
    - Please describe the advantages to Westinghouse of accepting a "fixed price" contract. Does Westinghouse expect the relationship with SCE&G to improve as a result of proceeding with this contract structure? Does Westinghouse plan to alter their approach in dealing with SCE&G or the level of detail and support information provided to them in change orders?
- Describe the role of Fluor and how Fluor became involved in this process.
  - Who selected Fluor to become the principle construction contractor?
    - What process did Westinghouse use when selecting Fluor?
    - Has Westinghouse worked with Fluor in the past?
      - What type of projects? When and where?
      - What has Westinghouse's experience been with Fluor on these projects?
    - Was this decision made solely by Westinghouse? Did Westinghouse seek input from SCE&G during the selection process? Was SCE&G required to give their approval of the selection?

## Questions for Westinghouse

### 8/5/2016

- What kind of contract does Westinghouse have in place with Fluor regarding Fluor's management of all or a portion of the project? Specifically, are there any incentives or penalties in the contract related to budget or schedule?
- Does Westinghouse have previous new nuclear power plant experience working with subcontracted construction managers, under a similar structure to Fluor's current arrangement?
  - If not new nuclear power plant experience, does Westinghouse have such experience working with subcontractor managers on operating nuclear power plants?
  - Other large industrial projects?
- Please describe the transition of construction management from CB&I to Fluor.
  - Did CB&I personnel work directly with Fluor or through Westinghouse or SCE&G?
  - Was there a stoppage in work on the site, or any other delays, as a result of the transition?
  - Had CB&I slowed or delayed its work on the project prior to the transition?
- Does Westinghouse have a similar "fixed price" contract with Southern Company for Vogtle Units 3&4?
  - What has Westinghouse's experience been with this contract?
    - Did it start out as a "fixed price" contract?
    - Has the fixed price increased?
    - What factors caused it to increase?
    - How could these same factors impact the VCS Project going forward? How has time mitigated or exacerbated these risks?
  - What is the current scheduled "substantial completion date" for Vogtle Units 3&4?
  - What is the current "fixed price" for Vogtle Units 3&4?
- What is Westinghouse's total cost incurred to date on the project?
  - Does this exceed Westinghouse's original estimated cost? By how much?
  - What does Westinghouse believe their additional (and final) cost will be to complete the project?
    - Are you familiar with the sensitivity studies performed by SCE&G and their results which indicate SCE&G expects Westinghouse to incur substantial cost overruns on the project, separate and apart from any performance penalties? Is Westinghouse prepared to accept these losses in order to complete the project with the "fixed cost" option values?
- Please describe how Westinghouse's obligations have changed as a result of the 2015 EPC Amendment?
  - What incentives are contained in the EPC Contract for Westinghouse to complete these Units by August 2019 and August 2020?
  - What are the penalties if Westinghouse fails to meet these dates?
  - Is there a scenario, in Westinghouse's opinion, in which these dates are NOT met but Westinghouse does NOT have to pay any penalties to SCE&G?
  - In addition to the penalties previously discussed, are there any other financial or business impacts to Westinghouse if you fail to complete the project by August of 2019 and 2020?

## Questions for Westinghouse 8/5/2016

- Has Westinghouse ever abandoned or failed to complete a project? If so, please describe the circumstances surrounding this project(s).

### PROJECT SCHEDULE AND BUDGET

Are you familiar with the revised BLRA milestone schedule contained in SCE&G's petition in Docket No. 2016-223-E?

- o This schedule includes substantial completion dates of:
  - o August 2019 for Unit 2
  - o August 2020 for Unit 3
- o Does Westinghouse agree with these substantial completion dates? (Based on the information currently available?)
  - o Does Westinghouse have a current site specific construction schedule for the project? (Provide us with a copy of the "Key Milestone Schedule")
  - o Does the current construction schedule support these substantial completion dates?
    - Does the current construction schedule reflect Fluor's full input?
    - Is it fully resource loaded by Fluor? Using CB&I's old metrics?
    - Describe the level of input Fluor has had in the current construction schedule?
    - When will a schedule incorporating Fluor's input be available?
  - o Do you believe that this schedule is achievable?
    - Is this schedule achievable within the current budget? (within the "fixed price"?)
    - Is this schedule achievable with current productivity and staffing trends?
    - What areas need to change or improve in order for you to achieve this schedule?
    - What events might lead to additional delays in the completion of the project?
      - How does work being performed at Vogtle impact VCS?
    - Describe the scheduling methodology used by Westinghouse for the VCS and Vogtle Units:
      - What metrics were/are used to create the schedule and to revise it.
      - How are mitigation strategies employed in the scheduling methodology?
      - How successful has Westinghouse been at implementing previous mitigation strategies?
        - Please discuss the project performance on mitigation strategies implemented thus far, specifically how successful has Westinghouse been in estimating the impact of these mitigation strategies on the actual schedule?
        - Have the mitigation strategies had the planned effect?
        - Overall, have the mitigation strategies been successful?
      - What mitigation strategies are required to meet the substantial completion dates of August 2019 for Unit 2 and August 2020 for Unit 3?

## Questions for Westinghouse 8/5/2016

- If Fluor's full input on the schedule is not yet available, what level of confidence does Westinghouse have in the current schedule? For Unit 2? For Unit 3?

Describe the methodology used by Westinghouse to develop the project budget for the Option ("Fixed Price")?

- What calculations or information did Westinghouse rely on when preparing this budget?
  - Was it based on a construction schedule that used CB&I's metrics?
  - Did Fluor have input into the budget for the Option?
  - Did Westinghouse perform any risk analyses regarding the Option as it relates to productivity, costs and/or construction schedules?
    - Was such a report prepared or reviewed by Westinghouse in preparation for negotiations with SCE&G on the EPC Amendment of October 2015?
      - (If Yes: Was a copy or the information contained in the report/study provided to SCE&G? If so, to who and when?)
      - Please provide copies of any such information that is available?
- Is Westinghouse currently engaged in any discussion or negotiations with SCE&G regarding any additional Amendments or changes to the EPC contract?
  - Does Westinghouse anticipate the need for any additional changes or amendments?

Identify which Westinghouse and SCE&G employees participated in negotiating and drafting the October 2015 Amendments to the EPC Contract? What were their roles?

Under what circumstances would, or will, Westinghouse deem Summer Units 2 and 3 fully constructed?

### PROJECT IMPLEMENTATION

Has Westinghouse's approach to QA and QC changed as a result of the 2015 EPC Amendment?

Has Westinghouse's level of interaction or approach with the NRC changed as a result of the 2015 EPC Amendment?

- What is the role of Fluor in interactions with the NRC?

Describe Westinghouse's experience with and approach to design control issues.

- Specifically, discuss the status of design completion and why there continue to be a very high number of design changes issued by Westinghouse each month?
- What steps have you taken to ensure that subcontractors have the latest design information?
- Given CB&I's failure to supply this information in a timely manner, what steps have you taken to remediate this issue? How is Fluor ensuring that this information is communicated?
- Have these measures also ensured that design changes from Unit 2 are implemented on Unit 3 when necessary?

## Questions for Westinghouse 8/5/2016

Please describe the staffing levels that are required, based on your most current knowledge, to complete the project.

- What portion of these are Westinghouse? WECTEC? Fluor?
- Are Westinghouse and WECTEC able to meet their staffing needs? What steps are you taking to ensure that these needs are met?
- Is there a critical shortage of a certain type of workers? If so, is there a plan to address such a shortage.
- How does your current staffing level impact the construction schedule?
  - When allocating staffing, how is the decision made to allocate between Units 2&3?

Describe your productivity metrics and historic productivity levels.

- Do you have specific productivity goals?
- Describe your historic and recent experience meeting these goals.
- What impact does productivity (meeting your metrics) have on the schedule for the project?

Discuss the current status of milestone payment schedule negotiations.

- Please address the major impediments Westinghouse has experienced in developing a mutually acceptable milestone payment schedule on VCS.
- Are these similar to issues being experienced at Vogtle?

What does Westinghouse believe are the greatest current challenges to completing the project on time?  
On budget?

What does Westinghouse believe is the area which presents the largest risk to the project's completion?  
Completion on time? Completion on budget?

According to Westinghouse's previous press release, the current litigation with CB&I is not anticipated to have an impact on this project.

- Does Westinghouse still support that statement?
- Has Westinghouse filed litigation against CB&I?

## Questions for Fluor 8/5/2016

### INTRODUCTION

Please give me your full name and identify your position with Fluor?

- Describe your level of involvement regarding day to day operations on the project? On the construction site?

Have you reviewed the list of topics that we have provided to SCE&G (has SCE&G provided you with the list)? Are you in fact prepared to answer questions here today on those subjects and issues?

Do you have copies of the materials referenced in the list of questions? (Please provide them)

### EMPLOYER AND PROJECT ORGANIZATION

Please provide an overview of Fluor's organizational structure as it pertains to the construction of V.C. Summer Units 2 & 3 ("the project" or "this project")- divisions or departments and their responsibilities, including the names of Directors or Managers.

Describe the Fluor/WEC/WECTEC interface.

- Identify WEC, WECTEC or other subcontractors who work within the segment of the organizations supervised or managed by Fluor. *2800 craft; — full time Fluor*
- Please provide an organizational chart for Fluor's team working on the project.
- Provide the total number of full-time Fluor employees currently working on the project?
  - Do you believe this number is sufficient to adequately reflect Fluor's role in the project?
  - Are these resources correctly deployed within the organization?

Do you work directly with any SCE&G Personnel? Who and in what capacity?

- If not, does the most senior on-site Fluor employee (Jeff Hawkins) work directly with SCE&G Personnel? Who, and in what capacity?

Are you responsible for reporting to anyone at WEC or WECTEC? Who and what is their position?

- If not, does the most senior on-site Fluor employee (Jeff Hawkins) report to anyone at Westinghouse or WECTEC? Who, and what is their position?

Please explain when Fluor first became involved with the project?

- When did you first become involved in the project?
- When did the most senior on-site Fluor employee become involved?

As you understand it, describe the role of Fluor in this project.

- What level of decision making authority does Fluor have?



## Questions for Fluor 8/5/2016

- To what extent does Fluor have the ability to execute the work needed to complete the project without prior approval?
- To what extent does Fluor have the ability to purchase commodities necessary to conduct work on a daily basis without prior approval?
- Who has daily responsibility for the project schedule? Westinghouse? Fluor? Is this changing?
- Who is directly responsible for the quality of construction work on a daily basis?
- Who is directly responsible for meeting the nuclear safety requirements on a daily basis?

How is Fluor involved in the construction of Vogtle Units 3&4?

- Is Fluor employed in the same capacity and with the same level of responsibility?
- Are there any differences between the responsibilities and numbers of Fluor personnel working on Vogtle Units 3&4 compared to VCS? Please discuss these differences.

Describe the progress made by Fluor since assuming construction management of the project.

- How does actual progress compare to planned progress?
- Briefly describe the process and/or procedure improvement programs that have been implemented.

### EPC CONTRACT AMENDMENT

Describe Fluor's role in developing the 2015 EPC Amendment.

- Was Fluor involved in negotiations?
- Please describe the extent and level of detail to which Fluor reviewed the project schedule and budget prior to their agreement to accept management of the project.

Describe the construction management transition between CB&I and Fluor.

- Did CB&I provide adequate documentation to Fluor for the transition?
- Were any delays experienced as a result of this transition?

Describe Fluor's decision to accept the role of subcontracted construction manager.

- What led to Fluor's decision to accept the contract from WEC?
- Does Fluor have any experience working with WEC on a project of this size?
- Does Fluor have previous experience working as a subcontracted construction manager on new nuclear projects? Operating nuclear projects? How recent is this experience?
- Does Fluor have more experience working as a consortium partner or as a subcontracted construction manager? What challenges does each present?

## Questions for Fluor 8/5/2016

### PROJECT SCHEDULE AND BUDGET

Are you familiar with the revised BLRA milestone schedule contained in SCE&G's petition in Docket No. 2016-223-E?

- o This schedule includes substantial completion dates of:
  - o August 2019 for Unit 2
  - o August 2020 for Unit 3
- o Does Fluor agree with these substantial completion dates? (Based on the information currently available?)
  - o Does the current construction schedule support these substantial completion dates?
    - Does the current construction schedule reflect Fluor's full input?
    - Is it fully resource loaded by Fluor? Using CB&I's old metrics?
    - Describe the level of input Fluor has had in the current construction schedule?
    - When will a schedule incorporating Fluor's input be available?
  - o Do you believe that this schedule is achievable?
    - Is this schedule achievable within the current budget? (within the "fixed price"?)
    - Is this schedule achievable with current productivity and staffing trends?
    - What areas need to change or improve in order for you to achieve this schedule?
    - What events might lead to additional delays in the completion of the project?
      - What does Fluor believe are the greatest risks to the current schedule?
      - How does work being performed at Vogtle impact VCS?
- o Describe Fluor's understanding of the project schedule and the remaining work necessary to complete the project.
  - What did Fluor understand when Fluor agreed to become the subcontracted construction manager?
  - How has that understanding changed as Fluor assumed responsibility for the project?
  - Describe the scheduling methodology used by Fluor for the VCS and Vogtle Units:
    - Has Fluor developed a detailed fully resource-loaded site-specific integrated construction schedule for the Units?
      - o [If NO, when do you expect to have one?]
      - o If the schedule is not yet complete, what challenges have been identified so far that may jeopardize the current substantial completion dates?
    - What metrics were/are used to create the schedule and to revise it.

## Questions for Fluor

8/5/2016

- How much of the schedule methodology is based on Fluor's own analysis? CB&I's former methodology? Westinghouse's methodology?
- How are mitigation strategies employed in the scheduling methodology?
- How successful has Fluor been at implementing previous mitigation strategies?
  - Please discuss the project performance on mitigation strategies implemented thus far, specifically how successful has Fluor been in estimating the impact of these mitigation strategies on the actual schedule?
  - Have the mitigation strategies had the planned effect?
  - Overall, have the mitigation strategies been successful?
- What mitigation strategies are required to meet the substantial completion dates of August 2019 for Unit 2 and August 2020 for Unit 3?
  - If Fluor's full input on the schedule is not yet available, what level of confidence does Fluor have in the current schedule? For Unit 2? For Unit 3?

Describe Fluor's role in the development of a construction budget for this project.

- Has Fluor developed a construction budget for the project?
  - Describe the process used by Fluor to develop the project budget?
- What is Fluor's current estimate for the final cost to complete the Units?
- Do you have an itemized list of the various costs/expenses which Fluor used in developing the budget?
- Did Fluor perform any risk analyses regarding the project as it relates to productivity, costs and/or construction schedules?

What are Fluor's obligations to Westinghouse under their construction management agreement?

- As it relates to the schedule?
- As it relates to the budget?
- What obligations and incentives has Westinghouse agreed to give or pay to Fluor to complete the project?
  - Are any of these incentives or payments tied to Fluor meeting specific target dates or milestones on the project?
  - Are their financial penalties that Fluor will have to pay to WEC if the Units are not completed in Aug. 2019 and Aug. 2020?

At what point or under what circumstances will Fluor deem SC&G's Units fully constructed?

## Questions for Fluor 8/5/2016

### PROJECT IMPLEMENTATION

Describe the staffing levels that are required, based on your most current knowledge to complete the project.

- o What is Fluor's current staffing level at the Site?
  - o Please break the totals down into management, direct construction labor, field non-manual, indirect labor and any other designation utilized by Fluor in the preceding total.
- o What are your planned future staffing level(s)?
  - o What productivity assumption is used in determining this staffing level?
  - o How does your current staffing level impact the construction schedule?
  - o When allocating staffing, how is the decision made to allocate between Units 2&3?
- o Is Fluor able to meet its staffing needs?
  - o What steps are you taking to ensure that these needs are met?
  - o Discuss Fluor's progress thus far meeting its hiring goals and any additional approaches currently planned.
  - o Are you having a difficult time hiring qualified workers? Subcontractors?
  - o Does Fluor plan to expand the use of subcontractors?
- o Please explain how Fluor determines priorities for the use of its workforce and subcontractors between the Summer and Vogtle projects.
- o Is Fluor able to meet its staffing needs? What steps are you taking to ensure that these needs are met?

Describe Fluor's method of communicating with SCE&G regarding the project.

- o Is all communication with SCE&G via Westinghouse?
- o If so, is this approach effective?

Describe Fluor's experience in dealing with the NRC and NRC requirements?

- o Under Part 52?

Does Fluor have any design responsibility on this project or is that entirely within Westinghouse's scope?

What is Fluor's role in the design change process as it relates to constructability reviews?

What level of engineering support is Fluor providing for the project? How is this different from the support previously provided by CB&I?

Describe the overall construction performance factor for each of the Units as compared to the targeted values.

## Questions for Fluor 8/5/2016

- What performance factor is incorporated in the schedule?
- What performance factor must be achieved to complete the units on schedule.
- Has Fluor compared the CB&I performance factor currently used to monitor the project in each of the construction work categories to those determined by their own experience? Discuss this comparison. (If not yet completed, when will this be done?)
- Has Fluor developed a transition plan for changing the performance factor that will enable the project to compare past performance with on-going performance once the new revised rates are implemented? Discuss this plan.

Briefly discuss the significant project process and procedure changes that Fluor has made or intends to make in order to improve the construction productivity and better ensure the completion schedule will be met. Are all of these improvements associated with actions identified through the Functional Area Assessments (FAAs) that Fluor recently performed?

- Have any recommended improvement actions been rejected by WEC? Why?
- Does Fluor agree that these rejected actions should not be implemented?

Please identify whether Fluor has discovered during their tenure on the project any instances where industry performance standards were not met? (imprudence, incompetence, impropriety, negligence or malfeasance)

What challenges is Fluor experiencing related to the simultaneous construction of Units 2 & 3?

- How is the construction of Unit 3 being impacted by the staffing needs of Unit 2?
- When challenged by competing resource needs between the Units, how do you manage the conflict?
- Have any assessments been done regarding the possibility of delaying Unit 3 in order to keep Unit 2 on schedule?
- If you are not able to meet your staffing goals, at what point would you consider this option?

What does Fluor believe are the greatest current challenges to completing the project on time? On budget?

What does Fluor believe is the area that presents the largest risk to the project's completion? Completion on time? Completion on budget?

Does Fluor expect to complete construction of both Units?

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
COLUMBIA, SOUTH CAROLINA

HEARING #16-11554

OCTOBER 12, 2016

10:30 A.M.

DOCKET NO. 2016-223-E:

SOUTH CAROLINA ELECTRIC & GAS COMPANY – *Petition of South Carolina Electric & Gas Company for Updates and Revisions to Schedules Related to the Construction of a Nuclear Base Load Generation Facility at Jenkinsville, South Carolina*

TRANSCRIPT OF TESTIMONY  
AND PROCEEDINGS

VOLUME 3 OF 4

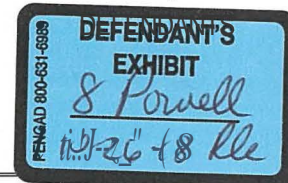
HEARING BEFORE: Swain E. WHITFIELD, CHAIRMAN; Comer H. 'Randy' RANDALL, VICE CHAIRMAN; and COMMISSIONERS John E. 'Butch' HOWARD, Elliott F. ELAM, Jr., Elizabeth B. 'Lib' FLEMING, Nikiya M. 'Nikki' HALL, and G. O'Neal HAMILTON

ADVISOR TO COMMISSION: F. David Butler, Esq.  
Senior Counsel

STAFF: Joseph McChers, General Counsel; James Spearman, Ph.D., Executive Assistant to Commissioners; Philip Riley, Doug Pratt, Lynn Ballentine, and Tom Ellison, Advisory Staff; Jo Elizabeth M Wheat, CVR-CM/M-GNSC, Court Reporter; and William O. Richardson, Deborah Easterling, and Calvin Woods, Hearing Room Assistants

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1                   problem with it?

2                               [No response]

3                   Okay. Mr. Nelson, please bring Ms. Powell up  
4                   at this time.

5                   MR. NELSON: Thank you, Mr. Chairman. ORS  
6                   would call Ms. Allyn Powell as its first witness.

7                   CHAIRMAN WHITFIELD: Mr. Nelson, one second,  
8                   please.

9                               [Brief pause]

10                  Mr. Nelson, once she's sworn, we're going to  
11                  let her do her summary and probably take a break  
12                  maybe after that, depending on how we're going  
13                  here, okay?

14                  MR. NELSON: Yes, sir.

15                               [Witness affirmed]

16                  THEREUPON came,

17                               A L L Y N   H .   P O W E L L ,  
18                  called as a witness on behalf of the South Carolina Office of  
19                  Regulatory Staff, who, having been first duly affirmed, was  
20                  examined and testified as follows:

21                               DIRECT EXAMINATION

22                  BY MR. NELSON:

23                  Q    Ms. Powell, if you'd please state your full name and  
24                       occupation?

25                  A    My name is Allyn Hunter Powell. I'm a program manager

1 at the Office of Regulatory Staff.

2 Q And are you the same Allyn Powell who prefilled 20 pages  
3 of ~~settlement-and-direct~~ testimony and two exhibits in  
4 this docket on September 1, 2016?

5 A Yes, I am.

6 Q Do you have any edits or corrections to your prefilled  
7 ~~settlement-and-direct~~ testimony?

8 A I do not.

9 MR. NELSON: Mr. Chairman, ORS would offer the  
10 prefilled ~~settlement-and-direct~~ testimony of Allyn  
11 Powell to be read into the record as if given  
12 orally from the stand.

13 CHAIRMAN WHITFIELD: Ms. Powell's prefilled and  
14 ~~settlement~~ testimony will be entered into the  
15 record as if given orally from the stand.

16 [See pgs 716-736]

17 MR. NELSON: Thank you, Mr. Chairman.

18 BY MR. NELSON:

19 Q Ms. Powell, the two exhibits you prepared to your  
20 ~~settlement-and-direct~~ testimony, they're labeled AHP-1  
21 and AHP-2; is that correct?

22 A Yes, they are.

23 Q Do you have any changes or corrections to those  
24 exhibits?

25 A I do not.

1                   MR. NELSON: Mr. Chairman, ORS would offer the  
2 Exhibits AHP-1 and AHP-2, which were attached to  
3 Ms. Powell's direct-and-settlement testimony, as  
4 the next composite hearing exhibit.

5                   CHAIRMAN WHITFIELD: Ms. Powell's Exhibits  
6 AHP-1 and -2 will be entered in as Hearing Exhibit  
7 No. 11.

8                   [WHEREUPON, Hearing Exhibit No. 11 was  
9 marked and received in evidence.]

10                  MR. NELSON: Thank you, Mr. Chairman.

11 BY MR. NELSON:

12 Q   Ms. Powell, did you prepare a summary of your  
13 settlement-and-direct testimony?

14 A   Yes, I have.

15 Q   Would you please present it.

16 A   Sure.

17                  Good evening, Commissioners. My combined direct-  
18 and-settlement testimony provides an overview of ORS's  
19 findings, the settlement agreement, and how the  
20 settlement agreement addresses the issues raised by ORS  
21 in our review of the Petition.

22                  First, I provide an overview of the Petition where  
23 SCE&G is requesting to modify the construction schedule  
24 to reflect the new substantial completion dates of  
25 August 31, 2019, and August 31, 2020, for Units 2 and 3,

1 respectively. SCE&G was also requesting an increase in  
2 the capital-cost estimates of approximately \$852  
3 million.

4 Second, I discuss the major portions of the  
5 settlement agreement, which include three key benefits:  
6 the guarantee, which is contained in paragraph 12 of the  
7 settlement agreement – as part of the guarantee, SCE&G  
8 agrees to fix the cost to ratepayers for scopes of work  
9 covered by the option – the moratorium, which is covered  
10 in paragraph 13 of the settlement agreement, and the ROE  
11 reduction, which is covered in paragraph 18 of the  
12 settlement agreement; the election of the option and  
13 agreement regarding increases to the capital-cost  
14 schedules totaling \$831.3 million, the construction  
15 schedule, and several other provisions relating to  
16 reporting and how transfers of scopes of work are  
17 treated under the guarantee.

18 Third, I discuss the October 27, 2015, EPC  
19 amendment and the option, and explain what costs are  
20 moved to a fixed category by the option.

21 Fourth, I discuss ORS's analysis of the Petition  
22 and how the settlement agreement addresses the issues  
23 raised by ORS in our review of the Petition.

24 Last, I discuss ORS's ongoing monitoring of the  
25 approved schedule and the approved budget.

1                    **This concludes my summary.**

2                    **MR. NELSON: Thank you, Ms. Powell.**

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23                    **[PURSUANT TO PREVIOUS INSTRUCTION, THE**  
24                    **PREFILED SETTLEMENT-AND-DIRECT TESTIMONY OF**  
25                    **ALLYN H. POWELL FOLLOWS AT PGS 716-736]**

**THE OFFICE OF REGULATORY STAFF  
SETTLEMENT AND DIRECT TESTIMONY  
& EXHIBITS**

**OF**

**ALLYN H. POWELL**

**SEPTEMBER 1, 2016**



**DOCKET NO.2016-223-E**

**Petition of South Carolina Electric & Gas Company for  
Updates and Revisions to Schedules Related to the  
Construction of a Nuclear Base Load Generation  
Facility at Jenkinsville, South Carolina**

**SETTLEMENT AND DIRECT TESTIMONY OF****ALLYN H. POWELL****ON BEHALF OF****THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF****DOCKET NO. 2016-223-E**

**IN RE: PETITION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY  
FOR UPDATES AND REVISIONS TO SCHEDULES RELATED TO THE  
CONSTRUCTION OF A NUCLEAR BASE LOAD GENERATION FACILITY  
AT JENKINSVILLE, SOUTH CAROLINA**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

**A.** My name is Allyn Powell. My Business Address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as the Manager of Nuclear Programs in the Energy Policy Division of the South Carolina Office of Regulatory Staff ("ORS").

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

**A.** I hold a Bachelor's Degree in Physics from the University of South Carolina and a Master's Degree in Physics from the College of William and Mary. My research focus while at the College of William and Mary was experimental nuclear and particle physics, and I am credited as co-author on several professional publications resulting from my research. I was previously employed as Director of State Budgeting and Finance with the Ways and Means Committee of the South Carolina House of Representatives ("WMC"). I joined WMC in 2002 as a Research Analyst, focusing on sales tax, income tax, higher education and cultural issues. I was responsible for providing background research, summarizing legislation before WMC and drafting portions of the Appropriations Act.

1 Throughout my career at WMC I served as lead staff for a variety of issue areas, including  
2 K-12 education, property tax, and budget policy. I was promoted to Director of State  
3 Budgeting and Finance in 2007. As Director of State Budgeting and Finance, I was  
4 responsible for overseeing the State budget process for WMC and the production of the  
5 Appropriations Act. In 2009, I joined the South Carolina Energy Office at the South  
6 Carolina Budget and Control Board as a Program Manager. There, I worked with issues  
7 relating to radioactive waste disposal and energy assurance planning. I also served as lead  
8 staff for the South Carolina Governor's Nuclear Advisory Council. In 2011, I joined ORS  
9 as an Associate Program Manager. As Associate Program Manager my responsibilities  
10 included reviewing Base Load Review Act plant applications, managing efforts relating to  
11 energy assurance planning and serving as ORS's lead contact for demand side management  
12 and energy efficiency programs. In 2013, I left ORS to take a position as the Capital  
13 Budgeting Manager for the State of South Carolina in the State Budget Office. In that role  
14 I was responsible for reviewing applications by state agencies to establish and modify  
15 construction projects, approving projects under a certain threshold and summarizing larger  
16 projects for approval by members of the Joint Bond Review Committee and the Budget  
17 and Control Board. I also testified as requested before both bodies and was responsible for  
18 producing monthly reports regarding capital project budget and expenditures. In 2015, I  
19 returned to ORS as the Manager of Nuclear Programs. My duties at ORS include managing  
20 the review of Base Load Review Act applications as well as managing the Radioactive  
21 Waste Disposal Program, which provides oversight for South Carolina's low level  
22 radioactive waste disposal facility located in Barnwell, SC.

1 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC SERVICE**  
2 **COMMISSION OF SOUTH CAROLINA ("COMMISSION")?**

3 **A.** Yes. I have provided written and oral testimony with regard to the construction of  
4 the nuclear base load facility at Jenkinsville, SC (the "Project" or "Units") by South  
5 Carolina Electric & Gas Company (the "Company" or "SCE&G").

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

7 **A.** The purpose of my testimony is to provide an overview of ORS's findings regarding  
8 SCE&G's Petition for Updates and Revisions to Schedules Related to the Construction of  
9 a Nuclear Base Load Generation Facility at Jenkinsville, SC ("Petition") and to discuss  
10 the Settlement Agreement (the "Settlement" or "SA") dated August 1, 2016 that was  
11 entered into between ORS, SCE&G, Frank Knapp, the South Carolina Energy Users  
12 Committee, Central Electric Power Cooperative, Inc., and the Electric Cooperatives of  
13 South Carolina, Inc. (the "Settling Parties").

14 **Q. WHAT IS THE COMPANY REQUESTING IN THIS PROCEEDING?**

15 **A.** Under S.C. Code Ann. Section 58-33-270(E) (2015) of the Base Load Review Act  
16 ("BLRA"), SCE&G is requesting the Commission to modify the construction schedules  
17 and accompanying BLRA milestones to reflect new guaranteed substantial completion  
18 dates ("GSCDs") of August 31, 2019 and August 31, 2020 for Unit 2 and Unit 3,  
19 respectively. SCE&G is also requesting an increase to the capital cost estimates of  
20 approximately \$852 million. This was reduced to approximately \$846 million in SCE&G's  
21 testimony (Exhibit AHP-1). The largest portion of the increase is \$781.1 million in  
22 Engineering, Procurement and Construction Contract ("EPC Contract") cost increases,  
23 comprised of \$137.5 million in costs resulting from an amendment to the EPC Contract

1       executed on October 27, 2015 ("Amendment" or "EPC Amendment"), \$505.5 million in  
2       costs resulting from SCE&G's decision to exercise an option in the EPC Amendment that  
3       moves many of the EPC Contract costs to a fixed category ("Option"), \$85.5 million  
4       resulting from a reversal of the credit for liquidated damages that SCE&G previously  
5       credited to its customers via Order No. 2015-661, and \$52.5 million in increases due to  
6       Change Orders. As part of this proceeding SCE&G is also asking for approval of its  
7       decision to exercise the Option. The remaining cost increases are due to Owners Costs  
8       (\$20.8 million), Escalation (\$2.3 million) and an allowance for funds used during construction  
9       ("AFUDC") (\$42.4 million).

10    **Q. PLEASE DESCRIBE ORS'S ACTIVITIES IN RESPONSE TO SCE&G'S**  
11    **PETITION.**

12    **A.**       ORS has been actively reviewing documentation related to the Amendment since  
13       October 2015, and much of the information in the Petition was covered by several rounds  
14       of continuing information requests related to that review. ORS asked the Company to  
15       update its responses to these requests in light of the Petition. In addition, ORS met  
16       frequently with representatives from SCE&G's construction, business and finance  
17       departments to discuss the details of the Petition and the supporting documentation. ORS  
18       also interviewed several SCE&G, Westinghouse Electric Company ("Westinghouse")  
19       technical experts and Fluor Corporation ("Fluor") technical experts to fully understand the  
20       various components of the Petition.

21    **Q. PLEASE BRIEFLY DESCRIBE THE SETTLEMENT AGREEMENT.**

22    **A.**       In the Settlement, the Settling Parties negotiated the following key benefits for  
23       ratepayers:

- 1           1. An agreement by SCE&G to guarantee (the "Guarantee") that the scopes of work  
2           covered by the Option remain fixed (SA paragraph #12). As part of the Guarantee,  
3           SCE&G agrees to fix costs to ratepayers for scopes of work covered by the Option  
4           by not seeking any future increases for these scopes of work in the cost schedules  
5           for the Units and by not seeking revised rates for such increases.
- 6           2. A moratorium (the "Moratorium") on additional filings to increase cost schedules  
7           prior to January 28, 2019 with this date being extended day-for-day with any delay  
8           in the commercial operation date of Unit 2 (SA paragraph #13).
- 9           3. An agreement by SCE&G to reduce the return on equity (the "ROE Reduction")  
10          rate used to compute revised rates filings after January 1, 2017 from 10.5% to  
11          10.25% (SA paragraph #18).
- 12          4. A provision capping at \$20 million the amount SCE&G can recover for the items  
13          listed in Schedule C of the Amendment (excluding Plant Layout Security, Phase 3  
14          and Plant Security Systems Integration which are otherwise addressed in the  
15          Settlement) that were in dispute with Westinghouse at the time of the Amendment  
16          but were not resolved through the Amendment (*i.e.*, the "Schedule C" items) (SA  
17          paragraph #12).
- 18          5. A requirement that all future requests to increase cost schedules due to Change  
19          Orders shall require a signed Change Order to be presented at the time of the request  
20          and disallowing future requests based on informal estimates of Change Order costs  
21          (SA paragraph #12).
- 22          6. Enhanced mandatory public reporting of schedule information, productivity and  
23          production metrics for construction, and issues related to the EPC Contract and the

1 Project going forward (SA paragraph #10).

2 In the context of these benefits, the Settling Parties agreed to the following:

- 3 7. An increase to the BLRA approved cost schedules to reflect the cost of the  
4 Amendment (\$137.5 million) and the cost of the Option (\$505.54 million) and  
5 approval of SCE&G's decision to exercise the Option (SA paragraph #5).
- 6 8. A finding that SCE&G had justified Change Orders totaling \$32.58 million (SA  
7 paragraph #6).
- 8 9. An agreement to allow a transfer of scope for the Service Building from the EPC  
9 Contract to Owner's Costs for completion of the building under a separate fixed  
10 price contract with a commercial contractor other than Westinghouse, and a  
11 reduction to the Fixed Price category of \$11.92 million, which includes the \$6.9  
12 million requested in the Petition for the Service Building, 3<sup>rd</sup> Floor and the \$5.02  
13 million already in the Fixed Price for the Service Building, 1<sup>st</sup> and 2<sup>nd</sup> Floors, and  
14 a corresponding increase in the Owner's Cost for the Service Building of \$9.2  
15 million plus \$1.3 million for escalation, in exchange for SCE&G's agreement to  
16 cap the total cost of this building to ratepayers at the revised amount of \$10.48  
17 million (which includes escalation) (SA paragraph #6).
- 18 10. Approval of the revised GSCDs for the Units of August 31, 2019 and August 31,  
19 2020 and simplification of the milestone schedule in light of the Moratorium and  
20 the fact that Fluor and Westinghouse are preparing a revised resource-loaded  
21 integrated project schedule which may revise and re-sequence the construction  
22 schedule (SA paragraph #10).
- 23 11. Enhanced mandatory public reporting of schedule information, productivity and

1 production metrics for construction, and issues related to the EPC Contract and the  
2 Project going forward. (SA paragraph #10).

3 12. In addition to the Owner's Cost associated with the transfer of the Service Building,  
4 approval of an increase in Owner's Cost of \$20.83 million largely associated with  
5 the delay in the GSCDs and the restructuring of the EPC Contract under the  
6 Amendment (SA paragraph #7).

7 ORS supports this Settlement as reasonable because it commits SCE&G to ensuring  
8 that the terms of the Option are enforced, limits SCE&G's ability to seek costs outside of  
9 the Option until Unit 2 is nearing completion and caps a number of important cost items.

10 **Q. WHAT COMPONENTS OF THE SETTLEMENT AGREEMENT ARE MOST**  
11 **IMPORTANT TO ORS?**

12 **A. The Guarantee, Moratorium and the ROE Reduction.**

13 **Q. PLEASE BRIEFLY DESCRIBE THE AMENDMENT.**

14 **A. On October 27, 2015, SCE&G signed the Amendment, which modified the EPC**  
15 **Contract in several key ways. It released Chicago Bridge and Iron ("CB&I") from its**  
16 **obligations as a member of the Consortium, leaving Westinghouse as the sole EPC**  
17 **Contract holder via its purchase of the Stone and Webster subsidiary from CB&I.**  
18 **Westinghouse later employed Fluor as a subcontracted construction manager to handle**  
19 **craft labor and day to day activities. It also moved the GSCD of Unit 2 from June 19, 2019**  
20 **to August 31, 2019 and the GSCD of Unit 3 from June 16, 2020 to August 31, 2020. It**  
21 **resolved a number of outstanding disputes regarding whether some items were included in**  
22 **the scope of the EPC Contract, resolved outstanding disputes regarding invoices, and**  
23 **included more specific wording regarding the provision in the EPC Contract related to**

1 changes in law. It also included an Option to move a large portion of the EPC Contract  
2 costs to a fixed cost category. The ability to exercise this Option is contingent on approval  
3 by the Commission and Santee Cooper.

4 **Q. DOES THE OPTION MAKE THE EPC CONTRACT AN ENTIRELY FIXED**  
5 **PRICE CONTRACT?**

6 **A.** No. The Option specifically excludes some items such as sales tax and insurance,  
7 as well as force majeure events. Exhibit C of the Amendment also includes a list of items  
8 not fully resolved by the Amendment. Some of these items are included in this Petition as  
9 Change Orders. While it does move many of the EPC Contract costs to a fixed price  
10 category, this fixed price is still subject to change via further EPC Contract amendments  
11 or Change Orders. It also does not prevent SCE&G from voluntarily removing items from  
12 the fixed price scope to the Owners Cost scope via a Change Order. However, in the  
13 Settlement, ORS insisted that such transfers not be recognized unless the work could be  
14 done as an Owner-directed item for a price fixed by SCE&G at an amount that is less than  
15 or equal to the amount that was formerly included in the fixed price scope. Therefore,  
16 under the terms of the Settlement, transfers may not result in any increase in the ultimate  
17 cost for SCE&G's ratepayers.

18 **Q. HOW IS THIS AMENDMENT DIFFERENT FROM PREVIOUS EPC CONTRACT**  
19 **AMENDMENTS?**

20 **A.** Previous EPC Contract amendments were executed to incorporate Change Orders,  
21 revise GSCDs or clarify wording in the EPC Contract on one or two issues. These  
22 amendments had substantial calculations and backup documentation. The Amendment is  
23 different in that it served as a comprehensive settlement that substantially changed the EPC

1 contract by removing a member of the Consortium, settling outstanding disputes,  
2 substantially revising the bonus and liquidated damages provisions and modifying the  
3 GSCDs. While SCE&G does have documentation behind the potential cost of some of the  
4 items resolved in the dispute, in most cases these costs are not well supported and are not  
5 auditable. The revised contract amounts to a renegotiation of the price of the Units. This  
6 Amendment also included the Option, which changes the structure of much of the EPC  
7 Contract going forward by moving many costs to a fixed category. This capped the amount  
8 that Westinghouse can charge to complete the work within the scope of the Option at  
9 \$3.345 billion. The Option includes within it a premium charged by Westinghouse for  
10 fixing these costs. While it is possible to calculate this number using the price from the  
11 Option for the remaining work, this remains a premium that is primarily associated with  
12 risk and is not supported by specific construction estimates.

13 **Q. PLEASE SUMMARIZE ORS'S ANALYSIS OF THE PETITION?**

14 **A.** ORS has concerns regarding both costs and construction schedules outlined in the  
15 Petition.

16 **Schedule**

17 While Westinghouse has indicated to ORS it has confidence in the logic behind the  
18 activities within the schedule, it has also indicated that they do not have Fluor's full input  
19 on the resources needed to complete these activities. Westinghouse has further indicated  
20 that the current construction schedule cannot be met without substantial improvement in  
21 current production and productivity rates. The current schedule requires the simultaneous  
22 use of numerous mitigation strategies, which are worked outside of the main schedule and  
23 increase ORS's concern regarding the uncertainty in the schedule. Meeting the current

1 construction schedule will require substantial improvements in both productivity and  
2 production. Throughout the course of this project, Westinghouse and its Consortium  
3 partner have presented aggressive schedules along with plans to make improvements to  
4 meet those schedules. Thus far, they have not been successful. ORS has seen positive  
5 changes recently, but with Fluor's fully resource-loaded construction schedule still  
6 outstanding a great deal of uncertainty remains. While ORS believes the sequence of  
7 construction activities to be valid, ORS has concerns these activities may take longer than  
8 previously estimated. There is only so much time that can be made up by increased  
9 staffing, especially due to the small spaces in which some of the work must take place. The  
10 GSCDs in the Petition accurately reflect the GSCDs in the Amendment, that is GSCDs of  
11 August 31 2019 for Unit 2 and August 31, 2020 for Unit 3. ORS believes that it will take  
12 at least this long to complete the Units, and in fact it is likely to take longer. At this time,  
13 ORS is still of the opinion that the Units can be completed within the 18 month window  
14 from the GSCDs allowed under Order No. 2009-104(A). However, even a relatively small  
15 delay in Unit 3 would jeopardize the ability of SCE&G to obtain the production tax credits  
16 for that Unit. ORS does not object to the approval of revised BLRA milestone schedule  
17 and GSCDs, as ORS believes it will take at least this long to complete the Units, but ORS  
18 is concerned regarding the level of uncertainty in the schedule at this time. This uncertainty  
19 regarding the schedule has also impacted other areas of ORS's analysis. It is difficult to  
20 properly evaluate items such as Owner's Costs, Escalation and to a certain extent Change  
21 Orders - some of whose costs are dependent on durations and need dates- without an  
22 adequate understanding of the schedule to back these up.

23 **Amendment**

1 As to the \$137.5 million requested for the Amendment, ORS has only found  
2 documentation to support approximately \$64.6 million of the \$224.4 million in value that  
3 SCE&G assigned to the Amendment. While ORS recognizes that the Amendment resolved  
4 a number of commercial disputes, both directly between SCE&G and the Consortium and  
5 by releasing a Consortium partner and thus reducing disputes within the Consortium, it is  
6 difficult to assign a valuation to this resolution. The Amendment also included changes to  
7 both the bonus and liquidated damages provisions in the EPC Contract, with which ORS  
8 has concerns. The Amendment served as a comprehensive settlement and ORS has not  
9 found adequate documentation to support the value of this settlement.

#### 10 Option

11 Closely related to this is the issue of the \$505.54 million cost for the Option. While  
12 ORS believes, based on SCE&G's sensitivity study, that the Option on its surface  
13 represents a good value given current production and productivity trends, the determination  
14 of the Option's true value is based entirely on an analysis of Westinghouse's willingness  
15 to abide by the terms of the contract and SCE&G's willingness to hold Westinghouse to  
16 those terms. Moving many of the costs to a fixed price category does simplify many areas  
17 where there were previously disputes. However, it also provides the opportunity for new  
18 disputes. The new fixed price Change Orders requests being provided by Westinghouse  
19 have been accompanied by a lower level of documentation, and changes to buildings or  
20 other items within the scope of the fixed price have proved so problematic that SCE&G  
21 has, in at least two cases, begun pulling these out of Westinghouse's scope and into the  
22 Owner's Cost. Based on previous experience with this contract and SCE&G's sensitivity  
23 study, which at current production and productivity trends shows substantial potential

1 losses to Westinghouse, ORS is concerned that the Option will not truly fix this portion of  
2 the cost of the Units. For this reason, in the Settlement ORS insisted that SCE&G agree to  
3 stand behind the "fixed price" and provide a guarantee that no additional ratepayer dollars  
4 will be requested for items in the scope of the "fixed price" in the Option. The Settlement  
5 further protects ratepayers by placing caps on other items of particular concern, such as  
6 many items associated with Exhibit C which were not resolved as part of the Option.  
7 Absent these additional guarantees, ORS would be concerned that the ratepayers were not  
8 adequately protected by the Option.

9 **Liquidated Damages**

10 As to the \$85.53 million in liquidated damages that were previously credited to  
11 ratepayers, ORS agrees that the Amendment does move the time frame for collecting these  
12 damages out into the future and as such they are properly added back to the budget of the  
13 Project.

14 **Owner's Costs**

15 The \$20.83 million in Owner's Costs are well documented and track appropriately  
16 with the current schedule and budget. As with all areas related to the construction schedule,  
17 ORS has concerns that the time frames underlying this estimate are not yet mature and have  
18 a high degree of uncertainty. However, as ORS believes that these estimates are in fact  
19 lower, ORS does not oppose the use of this estimate of Owner's Costs, recognizing that  
20 there is still uncertainty in these costs related to the schedule.

21 **Escalation and AFUDC**

22 Similarly, SCE&G's request for \$2.3 million in Escalation and \$42.4 million in  
23 AFUDC as outlined in Kevin Kochems testimony are well documented and track

1 appropriately with the current schedule and budget. ORS does not oppose the use of these  
2 estimates, with the same caveats as applied to Owner's Costs. As is recognized in the  
3 Settlement, escalation and AFUDC are not fixed, but vary according to the approved  
4 escalation indices and AFUDC rate calculation as they change from time to time. When  
5 the changes associated with the transfer of the Service Building from the Fixed Price to  
6 Owners Costs are included, the total estimate supported by the Settlement for Escalation  
7 and AFUDC is \$45.18 million.

#### 8 Transmission

9 SCE&G removed its original request in the Petition for an additional \$4.3  
10 Transmission dollars as the methodology for remedying those issues is still under review.  
11 ORS agrees with SCE&G's assessment and does not recommend the inclusion of these  
12 dollars.

#### 13 Change Orders

14 SCE&G's Petition also included \$52.5 million in Change Orders. When evaluating  
15 Change Orders, ORS expects that the documentation supporting them will include signed  
16 Change Orders, signed agreements with detailed documentation that will form the basis for  
17 future Change Orders, or at the very least a mature level of detailed documentation  
18 supporting a Change Order that is nearly ready to be signed. When the Petition was filed,  
19 such a level of documentation was only available for a few of the smaller Change Orders.  
20 SCE&G has done additional research and in some cases has received additional proposals  
21 from Westinghouse since that time. ORS's review of the associated documentation  
22 supports the inclusion of \$32.58 million for Change Orders at this time. ORS has worked  
23 with SCE&G to improve the level of documentation, and is now able to support at least a

1 portion of the costs associated with each of the Change Order requests included in the  
2 Petition. In some cases, this is lower than the amount requested as the latest Westinghouse  
3 estimates are below the amounts originally estimated by SCE&G in the Petition. It is the  
4 position of ORS that until a Change Order has been agreed to by both parties, the costs  
5 associated with it are not properly included in BLRA cost forecasts. Under the Settlement,  
6 only signed Change Orders will be allowed going forward. SCE&G will be prevented from  
7 presenting estimates of Change Order cost for inclusion in cost forecasts.

8 This Change Order total does not reflect increases related to the 3<sup>rd</sup> Floor of the  
9 Service Building. Subsequent to filing Direct Testimony, SCE&G made a decision to  
10 move the entire Service Building out off the scope of the EPC Contract and into Owner's  
11 Costs. This decision was made to support the construction of the 3<sup>rd</sup> Floor, which was  
12 needed to allow consolidation of certain support staff within the protected area of the site,  
13 in a time frame which met SCE&G's need date for the building. ORS had concerns  
14 regarding this decision, and the potential impact to ratepayers of moving this scope of work  
15 out of the fixed price category. Outside of the scope of the Settlement, ORS was unable to  
16 support this request. The Settlement reflects the fact that SCE&G has now decided to  
17 construct the Service Building as an Owner's cost item and to do so under a fixed price  
18 contract with a commercial contractor. SCE&G will transfer the associated amount from  
19 the Fixed Price category to the Owner's Cost category and the amounts shall be included  
20 in the BLRA-approved capital cost schedule along with any associated escalation and  
21 AFUDC. Specifically for the Service Building, including the Third Floor, SCE&G agrees  
22 to reduce the Fixed Price category in the amount of \$11.92 million, which includes the \$6.9  
23 million requested in this Petition for the Service Building, 3<sup>rd</sup> Floor and the \$5.02 million

1 already in the Fixed Price for the Service Building, 1<sup>st</sup> and 2<sup>nd</sup> Floor, and increase the  
2 Owners Cost category in the amount of \$10.48 million (which includes escalation), and to  
3 not seek recovery from ratepayers in any future proceeding for any costs in excess of  
4 \$10.48 million for the Service Building. After execution of the Change Order between  
5 SCE&G and Westinghouse regarding the Service Building, SCE&G will provide a copy  
6 of the Change Order to ORS and if necessary, SCE&G will adjust the Owners Cost  
7 category consistent with the terms of the Settlement.

8 Overall, ORS found the level of documentation offered in this Petition to be lower  
9 than that offered in previous petitions. ORS's review was also hampered by the lack of  
10 availability of the fully resource-loaded integrated construction schedule. Time is money.  
11 Schedule and budget go hand in hand, and ORS is concerned regarding the timing of this  
12 Petition and its impact on the ability of ORS to properly evaluate budgets when the  
13 schedule is undergoing a major adjustments.

#### 14 Summary of ORS Recommendations

15 In summary, ORS's review supports the inclusion of \$85.53 million for the reversal  
16 of the Liquidated Damages Credit, \$32.58 million in Change Orders, \$20.83 million in  
17 Owner's Costs (in addition to the Owner's cost associated with the transfer of the Service  
18 Building), \$2.3 million in Escalation, and \$42.4 million in AFUDC. These increases total  
19 \$183.64 million of the \$852 million requested by SCE&G in the Petition. ORS recognizes  
20 that the Escalation and AFUDC amounts in this review have been revised by the  
21 Settlement, and in the context of the Settlement ORS supports those increased amounts.

22 ORS's review of the \$137.5 million for the Amendment is less conclusive. ORS  
23 has been able to identify approximately \$64.6 million in value associated with the

1 Amendment. While many of the changes associated with the Amendment were needed and  
2 represent a positive direction for the Project, ORS is not able to support this request using  
3 our normal standards of review as the \$137.5 million increase was a settlement and cannot  
4 be traced back to individual disputed cost items. However, the amount requested is  
5 consistent with the Amendment, which has been executed. In the context of the Settlement,  
6 ORS is supportive of this amount.

7 SCE&G is also requesting that the Commission approve its decision to exercise the  
8 Option. Based on SCE&G's sensitivity study and ORS's concerns regarding the Project  
9 Schedule, ORS agrees that the Option could represent a good value for SCE&G and for  
10 ratepayers. With respect to the \$505.54 cost for the Option, ORS is only supportive of this  
11 cost in the context of the Settlement and because SCE&G has guaranteed to its ratepayers  
12 that it will stand behind the Option and will not request any additional ratepayer dollars for  
13 items included in the scope of the "fixed price" in the Option as set forth in the Settlement.

14 In the context of the Settlement, ORS also supports the increases and transfers  
15 outlined above related to the Service Building.

16 With respect to the schedule, ORS is concerned regarding the degree of uncertainty  
17 remaining regarding the schedule. The GSCDs are consistent with the Amendment, and  
18 the BLRA milestone schedule is consistent with the logic within the project schedule when  
19 the Amendment was filed. ORS believes that these dates are optimistic, but that the Project  
20 is likely to be completed within 18 months of these dates. For this reason, ORS does not  
21 oppose the revised GSCDs and BLRA milestone schedule. However, the timing of the  
22 issuance of the Commission's Order and the availability of the revised schedule present  
23 some challenges. As agreed in the Settlement, the Moratorium will be in place when

1 Westinghouse issues the new resource-loaded integrated project schedule for the Project.  
2 In recognition of that fact, the Settlement provides that the only Commission-approved  
3 BLRA milestones going forward will be the GSCDs for the two Units. This does not reduce  
4 SCE&G's reporting requirements regarding previous BLRA milestones and the Settlement  
5 imposes additional reporting requirements. The Settlement requires that SCE&G commit  
6 to immediately report the new fully resource-loaded integrated schedule when  
7 Westinghouse makes it available and that SCE&G provide updates on all milestone dates  
8 it contains in quarterly reports through the end of the Project. The Settlement also requires  
9 that SCE&G continue to provide updates on the status of any of the prior BLRA milestones  
10 and include updates on all of the construction milestones that are included in the milestone  
11 payment schedule in its quarterly reports through the end of the Project. The milestone  
12 payment schedule, when agreed to by SCE&G and Westinghouse, will represent what they  
13 believe are the key Project milestones and, as such, may provide an additional useful  
14 measure of progress for the Project. The milestone payment schedule is currently flowing  
15 through the EPC Contract's dispute resolution process. The Settlement also requires  
16 SCE&G to include data on construction and craft staffing, productivity and production in  
17 its quarterly reports.

18 Exhibit AHP-1 summarizes the differences between the Petition, SCE&G's Direct  
19 Testimony and the Settlement.

20 **Q. WHAT ACTIVITIES DOES ORS PERFORM WITH RESPECT TO ITS ON-**  
21 **GOING MONITORING OF THE APPROVED MILESTONE CONSTRUCTION**  
22 **SCHEDULE?**

A. The Company's required quarterly reports provide a status of the approved BLRA milestone ~~schedule~~. The BLRA milestone schedule consists of 146 milestone activities. ORS verifies the status of each milestone activity to ensure the activity is in accordance with previous Commission orders relating to this matter, Order Nos. 2009-104(A), 2010-12, 2011-345, 2012-884, and 2015-661. It should be noted that milestone activities are allowed by Commission order to be accelerated by up to 24 months or delayed by up to 18 months.

**Q. WHAT OVERSIGHT ACTIVITIES DOES ORS PERFORM WITH RESPECT TO ITS ON-GOING MONITORING OF THE APPROVED CAPITAL COST ESTIMATES?**

A. The Company's quarterly reports provide a status of the approved capital cost estimates. ORS evaluates the Company's quarterly reports with a focus on the capital cost estimates; project cash flow, AFUDC and escalation. Collectively, these focus areas determine the status of the project budget.

ORS compares the capital cost estimates approved by the Commission to the capital cost estimates in the Company's quarterly reports. This comparison focuses on the major cost categories, which are:

- Fixed with No Adjustment
- Firm with Fixed Adjustment A
- Firm with Fixed Adjustment B
- Firm with Indexed Adjustment
- Actual Craft Wages
- Non-Labor Cost
- Time & Materials
- Owners Costs

1           • Transmission Projects

2           ORS evaluates cost variances which may be due to various project changes (e.g.,  
3 shifts in work scopes, payment timetables, construction schedule adjustments, change  
4 orders, etc.) to determine if the cumulative amount of these changes impact the total  
5 approved capital cost of the project.

6           In a similar fashion, ORS compares the approved project cash flow to the project  
7 cash flow in the Company's quarterly reports. This comparison focuses on any variance  
8 to annual cash flow requirements. Lastly, AFUDC and escalation rates are evaluated to  
9 determine if appropriate rates have been applied.

10           Exhibit AHP-2 tracks the updates to the capital cost schedules from Commission  
11 Order No. 2009-104(A) through the Company's request in the Petition.

12   **Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**  
13 **GOING MONITORING OF THE APPROVED CAPITAL COST ESTIMATES?**

14   **A.**           During on-site visits, the ORS staff reviews documents that may impact the project  
15 budget. Examples of such documents are contract amendments, change orders and notices  
16 from the holder of the EPC Contract, Westinghouse. The ORS staff also reviews invoices  
17 associated with completed milestone activities to ensure milestone payments are consistent  
18 with the EPC milestone payment schedules. In addition, ORS's Audit Division further  
19 evaluates the Company's actual project expenditures.

20   **Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**  
21 **GOING MONITORING OF THE PROJECT?**

22   **A.**           ORS technical staff participate in monthly meetings with NND personnel, attend  
23 periodic meetings with Westinghouse and Fluor representatives, conduct periodic site tours

1 and attend Nuclear Regulatory Commission ("NRC") public meetings held near the site.  
2 ORS staff also review documents related to the construction on an ongoing basis. These  
3 documents include, but are not limited to: daily construction activities plans, a weekly  
4 construction activities report, detailed construction schedules, schedule mitigation plans,  
5 milestone activity schedules, major component fabrication status log and meeting minutes.  
6 Also, ORS performs on-site evaluations to physically observe construction activities to  
7 ensure construction progress is consistent with NND documentation. ORS staff regularly  
8 witness key project milestones, such as the setting of major structural modules, and perform  
9 site visits to companies manufacturing major components. Additionally, to keep informed  
10 of NRC's most recent policies and interpretations, ORS staff have attended the NRC's  
11 annual Regulatory Information Conference in Rockville, MD. Also, ORS performs on-site  
12 evaluations to physically observe construction activities to ensure construction progress is  
13 consistent with NND documentation. ORS routinely participates in NRC conference call  
14 meetings to monitor activities related to the project.

15 **Q. WHAT IS YOUR RECOMMENDATION?**

16 **A.** ORS recommends that the Commission approve the Settlement Agreement.

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 **A.** Yes, it does.

1                   **MR. NELSON:** Ms. Powell is available for  
2 questions from the nonsettling parties or the  
3 Commission.

4                   **CHAIRMAN WHITFIELD:** Are there any questions  
5 at this time, for the nonsettling parties'  
6 attorneys? Mr. Holman and Ms. Thompson?

7                   **MS. THOMPSON:** No, thank you, Mr. Chairman.

8                   **CHAIRMAN WHITFIELD:** Mr. Guild, are you going  
9 to have any questions for Ms. Powell?

10                  **MR. GUILD:** Yes.

11                  **CHAIRMAN WHITFIELD:** You do? How about you,  
12 Ms. Wright, are you going to have any questions for  
13 her?

14                  **MS. WRIGHT:** I have a couple.

15                  **CHAIRMAN WHITFIELD:** Okay. At this time,  
16 we're going to take a brief break. We'll come back  
17 with questions from the nonsettling parties for Ms.  
18 Powell, and from the Commissioners. And we'll make  
19 a decision after that as to how much later to go  
20 tonight. So we'll take about 10 minutes right now.

21                               [WHEREUPON, a recess was taken from 5:20  
22 to 5:35 p.m.]

23                  **CHAIRMAN WHITFIELD:** Please be seated. Okay.  
24 Ms. Powell, we'll take questions from the  
25 nonsettling parties.

1                    Mr. Guild, I believe we're going to let you go  
2                    first..

3                    CROSS EXAMINATION

4 BY MR. GUILD:

5 Q      Good evening, Ms. Powell.

6 A      Good evening.

7 Q      Just a couple of questions for you.

8 A      Sure.

9 Q      So, in your settlement testimony, you identify as one of  
10      the key attributes that attracted ORS to enter into this  
11      agreement what you characterize as "the guarantee." And  
12      I'm looking at page five, line two, of your settlement  
13      testimony. And you not only call it a guarantee, it  
14      capitalizes it: G-u-a-r-a-n-t-e-e. You see that  
15      testimony?

16 A      Yes, sir.

17 Q      All right. And you say, "An agreement by SCE&G to  
18      guarantee (the 'Guarantee') that the scopes of work  
19      covered by the option remain fixed," and you cite  
20      settlement agreement paragraph 12. And I have in front  
21      of me settlement agreement paragraph 12. And would you  
22      point to me where the word "guarantee" appears in  
23      settlement agreement paragraph 12, please?

24 A      The word "guarantee" does not appear in settlement  
25      agreement paragraph 12.

1 Q Does it appear anywhere else in the settlement  
2 agreement: "guarantee," with a big G, or a little G, or  
3 any other spelling thereof?

4 A "Guarantee" does not appear in the settlement agreement.  
5 However, this is how ORS has defined the effect of  
6 settlement agreement paragraph 12.

7 Q Right. So "guarantee" is not a word of contract that  
8 SCE&G/SCANA has entered into, nor is it a term of art  
9 used at all in the settlement agreement; it's simply  
10 ORS's characterization of cited paragraph 12 of the  
11 proposed settlement, correct?

12 A It's how we have defined it.

13 Q It's how you've defined it, right. Did you hear  
14 Chairman Marsh's testimony in this proceeding?

15 A I did.

16 Q And did you hear Chairman Marsh explain how he  
17 characterized the agreement, and I think it's fair to  
18 say he agreed that the word "guarantee" was not in the  
19 settlement, and they weren't offering a guarantee, as he  
20 saw it? You heard that?

21 A He did say that the word "guarantee" wasn't in the  
22 settlement agreement. But a guarantee is basically an  
23 assertion in writing that you will do certain things and  
24 agree to certain conditions, and the settlement  
25 agreement certainly does contain that. Why Mr. Marsh

1       won't use the word "guarantee," I don't know.

2       **Q**       Well, I'm concerned about whether it is a guarantee, no  
3       matter how you define it, aside from whether the term  
4       "guarantee" is used. So, did you hear Chairman Marsh  
5       say that SCE&G reserves the right to continue to accrue  
6       AFUDC on costs that they did not submit to the PSC for  
7       approval under the Base Load Review Act, and then to  
8       include those costs in rate base at the point where the  
9       Summer units actually came into service? Did you hear  
10      him say that, or words to that effect?

11      **A**       Yes.

12      **Q**       So he's not guaranteeing not to charge ratepayers for  
13      these extra costs; he's just agreeing to a moratorium on  
14      when he actually tells ratepayers they're going to have  
15      to pay for these costs and then submits them to the PSC  
16      when the plants go in service, right?

17      **A**       I would not agree with that characterization.

18      **Q**       Okay. Well, he agrees not to ask for Base Load Review  
19      Act approval for ratepayer financing of those costs, at  
20      least through a period that he calls the moratorium, and  
21      that's in there, right? There's a moratorium to -

22                   **CHAIRMAN WHITFIELD:** Mr. Guild, I need you to  
23      get mic'd up again.

24                   **MR. GUILD:** Okay. Oh, sorry.

25                   [**Brief pause**]

1 BY MR. GUILD:

2 Q Do I need to repeat that question?

3 A No, sir. I heard your question. The moratorium- there  
4 is a component of the settlement agreement that is a  
5 moratorium, and the guarantee covers fixing the costs  
6 associated with the option. However, there are costs  
7 that do fall outside of the guarantee. These are things  
8 specifically related to sales tax, performance bonds,  
9 insurance premiums, import duties, mandatory spare parts  
10 and extended equipment warranties not otherwise agreed  
11 to in the larger settlement, costs associated with the  
12 decisions of the Dispute Resolution Board, and costs  
13 associated with the issues listed in Exhibit C of the  
14 amendment. Also, owner's costs are not included in the  
15 guarantee.

16 The guarantee is only related to the costs that are  
17 contained within the option, and if I can read the  
18 language to you to maybe make this a little more clear -

19 Q If you choose, but I have the agreement in front of me,  
20 so there's no need to, unless it helps you.

21 A I think it might help me with my response. "The  
22 settling parties agree that the payment for the option  
23 will not be contested, provided that SCE&G takes certain  
24 steps to ensure that ratepayers retain the benefit of  
25 the fixed-price. SCE&G, therefore, agrees to fix the

1       price to consumers for EPC contract costs according to  
2       the terms of the settlement. To this effect, SCE&G  
3       agrees that it will not file any future requests with  
4       the Commission seeking additional or updated budget  
5       increases related to the construction of Unit 2 and 3,  
6       **unless such requests are related to signed change**  
7       **orders, transmission costs, time-and-materials costs**  
8       **specifically outlined in paragraph two, page one, of the**  
9       **option," relating to sales tax, performance bonds, and**  
10       **those things that I listed earlier. "Owner's cost**  
11       **increases will only be considered if they are related to**  
12       **staffing costs due to delays or new costs not identified**  
13       **at the time of this filing. Owner's cost increases**  
14       **shall not be considered if they involve a transfer of**  
15       **scopes of work from Westinghouse's fixed-price category,**  
16       **unless SCE&G can complete the scope of work pursuant to**  
17       **a contract that fixes the price in an amount equal to or**  
18       **less than the amount of the credit provided by**  
19       **Westinghouse and the credit change order that moves the**  
20       **scope of work," and then it goes on to sort of deal with**  
21       **a few other clarifications about scopes of work.**

22       So there is a portion that is fixing the price for  
23       the option, and there's another portion of the  
24       settlement agreement that is the moratorium. These  
25       things that aren't covered in the guarantee, certainly

1        SCE&G will be accruing AFUDC on those if they need to  
2        come in before the moratorium would allow them to do so.

3        What ORS was very concerned about is that there's a  
4        lot of uncertainty, in our minds, regarding the  
5        construction schedule and how long it's going to take to  
6        complete the project, how many man-hours it's going to  
7        take to complete the project. We would be much more  
8        comfortable if we had Fluor's input at this point, to  
9        help us with that. Absent that, we wanted to do the  
10       best that we could to protect ratepayers from another  
11       wholesale renegotiation, just because it takes more  
12       hours than Westinghouse expected, just because it takes  
13       them, you know, more parts than they expected. We  
14       didn't want the ratepayers to agree to the option and  
15       then keep coming back. And so I think that the  
16       guarantee, as outlined in paragraph 12 of the settlement  
17       agreement, does represent the best job we could do, of  
18       doing that, and what we could agree to.

19    Q       Does that complete your answer?

20    A       Yes, it does.

21    Q       And that now clarifies what the guarantee is, as ORS  
22       characterizes it.

23    A       Yes, it does.

24    Q       You did leave out one minor little detail, and that is  
25       change of law. They reserve the right to seek

1        additional costs associated with what ultimately is  
2        determined to be a change of law.

3     A     That is correct. I think that language might be  
4        somewhere else, but, yes, changes in law are not  
5        included.

6     Q     It's actually paragraph 12; you just stopped reading  
7        before you got to that.

8     A     I'm sorry.

9     Q     All right. And change of law— you heard the testimony  
10       of Mr. Byrne; that's been a subject of significant  
11       contention between the contracting parties, Westinghouse  
12       and the consortium, and the company, hasn't it?

13    A     Yes, it has.

14    Q     And they're still disputing, before the Dispute  
15       Resolution Board, the issue of scheduled payments for  
16       meeting certain milestones under the construction  
17       schedule; that's a matter still pending, correct?

18    A     That's not a change in law, but it is a matter that's  
19       still pending.

20    Q     Right, I mean, they're fighting already about something  
21       that they didn't resolve in the contract amendment, and  
22       I'm asking you whether or not you're confident that  
23       there will be no further disputes about interpretation  
24       of a change of law, as there have been in the past that  
25       have led to significant additional costs.

1 A I think that the new language regarding change in law  
2 does make such disputes less likely. It's never going  
3 to completely eliminate disputes.

4 Q Okay. So what's ORS's position, Ms. Powell, if, as Dr.  
5 Lynch supposes, the additional costs to complete the  
6 project amount to \$800-\$900 million additional costs,  
7 for which Westinghouse is committing itself to be  
8 responsible, and Westinghouse/Toshiba facing financial  
9 crises that extend back several years to the resignation  
10 of their CEO and fines by the Japanese accounting  
11 authorities, Westinghouse/Toshiba defaults and just  
12 walks away from the project? What would happen to what  
13 you characterize as the guarantees to protect ratepayers  
14 in that event?

15 A If Toshiba were just to get up and walk out from the  
16 project, then, I think there would be some serious  
17 litigation regarding the EPC contract where SCE&G would  
18 try to make some recoveries from Toshiba. I don't know  
19 how much would be left of the project at that point; I  
20 don't really have enough information to speculate. But  
21 the guarantee fixes the price according to the option,  
22 and if there is no option --we would all be in very  
23 uncharted territory, and we would have to figure out  
24 what we were going to do.

25 Q Well, you're ORS, and you're the ones looking out for

1 us. The question is what has ORS contemplated would  
2 happen under those circumstances to protect ratepayers  
3 who inherit an abandoned nuclear plant where the prime  
4 contractor has walked away from the job? What would you  
5 do then?

6 **A** I can't speculate, because there are too many different  
7 variables, depending on how far along you are in  
8 construction, how much you have left to spend. We'd  
9 have to look at the situation when we got there and  
10 figure out what we were going to do. The company has  
11 taken steps to escrow the documentation so that they  
12 would have documents that they needed to complete the  
13 project. I couldn't speculate.

14 **Q** You heard Mr. Byrne's testimony on the subject?

15 **A** Yes, sir, I did.

16 **Q** And have you, with ORS, even discussed the matter with  
17 the SCE&G management about how they would take  
18 responsibility, should Toshiba/Westinghouse default?

19 **A** We have discussed options about escrowing and how they  
20 would move forward after escrowing. I don't think that  
21 they have a firm answer for that, either. It would  
22 depend on where they were in the project, you know,  
23 whether it was just Toshiba or what all the situations  
24 were surrounding that situation.

25 **Q** So, aside from how SCE&G would respond – and all we know

1 is what Mr. Byrne shared with us, that they had at least  
2 contemplated it – how would ORS see to it that  
3 ratepayers were protected in the event that Westinghouse  
4 defaulted or Toshiba defaulted, and somebody else had to  
5 take responsibility for this plant?

6 A I think that escrowing the information is critical. I  
7 also think that the work that SCE&G is doing right now  
8 at the Dispute Resolution Board, in negotiating that  
9 milestone payment schedule, is critical. We want to be  
10 sure that Westinghouse has only been paid for work that  
11 they've done; that we're not just making time-based  
12 payments, that we're making work-based payments, so that  
13 there will be budgeted money left at the end to help us  
14 to finish the project.

15 Q All right, but– that's good, but my question really is  
16 what happens or how would ORS protect ratepayers in the  
17 event that SCE&G is left holding the bag?

18 MR. NELSON: Objection. That's asked and  
19 answered. She just answered that question. I  
20 think Mr. Guild has just asked the exact same  
21 question once again. We've kind of been through a  
22 couple of cycles of this. I think it's been  
23 answered.

24 MR. GUILD: I beg your pardon. We can read  
25 back the transcript, but she answered a different

1 question from what I asked. She talked about  
2 resolving another dispute before the Dispute  
3 Resolution Board. I want to know what DRS  
4 contemplates doing to protect ratepayers in the  
5 event that the fixed-price option is defaulted  
6 upon, and SCE&G or someone else has to take  
7 responsibility for the plant. What happens to  
8 ratepayers? Has DRS even thought about that?

9 CHAIRMAN WHITFIELD: I think you've asked her  
10 that question, Mr. Guild, and I think she's  
11 answered it. Now, if you want to ask a different  
12 question, or rephrase it maybe different, or ask it  
13 a different -

14 MR. GUILD: I'll try, Mr. Chairman.

15 CHAIRMAN WHITFIELD: -ask a slightly  
16 different question, but that question you've asked  
17 and she has given an answer.

18 MR. GUILD: All right.

19 BY MR. GUILD:

20 Q I understand your testimony, Ms. Powell, that there is  
21 something you interpret and characterize as a guarantee  
22 in the settlement, and I would respectfully disagree.  
23 But in the event that I have hypothesized- which,  
24 frankly, does not seem far-fetched at all, given your  
25 own witness's testimony- that Westinghouse/Toshiba

1 default, they cannot honor this contract, how much money  
2 would South Carolina ratepayers of SCE&G, maybe even  
3 co-op customers who buy their power from Santee Cooper,  
4 how much financial impact would such an event have on  
5 us, on my clients? What does ORS know of that, if  
6 anything?

7 A It would just depend on where the project was, what  
8 SCE&G had to do to fix the situation. It's difficult to  
9 speculate on something when - is it Toshiba? Is it, you  
10 know, other subcontractors? What's going on, without  
11 any specific details, it's difficult to say that. I can  
12 say that ORS is concerned, as always, with the public,  
13 and we would do what we always do, which is evaluate the  
14 options, evaluate the costs, and determine, you know,  
15 what has been prudently incurred and what hasn't.

16 Q Have you made any estimate of what the financial impact  
17 would be on ratepayers, in a hypothetical eventuality  
18 that the contract is defaulted on?

19 A No, because there are too many variables to calculate  
20 that?

21 Q Nonetheless, you treat this as a guarantee and entered  
22 into the settlement, challenging not a dime of these  
23 cost overruns. That's the ORS position, is that you -

24 A That the -

25 Q -entered a settlement- excuse me- you've entered a

1 settlement, you characterize it as good for ratepayers,  
2 you've called it a guarantee, and you have no idea what  
3 the financial impacts would be if there's a default on  
4 this contract.

5 **A** The guarantee is under the terms of the EPC contract.  
6 We've had meetings with Westinghouse where senior  
7 Westinghouse management assured us that they were  
8 committed to finishing this project. We've discussed  
9 the issue with SCE&G; they have assured us that  
10 Westinghouse has told them they're committed to  
11 finishing the project, that it's very important to their  
12 brand. I can't speculate on hypothetical situations  
13 until we see what they are. And I think that Gary's  
14 testimony talks about potential costs that Westinghouse  
15 would have to bear – not necessarily that Westinghouse  
16 would walk away; it's just that Westinghouse should have  
17 to absorb those costs.

18 **Q** Has the ORS made an assessment of the financial health  
19 of Toshiba/Westinghouse and their ability to absorb  
20 \$800-\$900 million in excess costs for this project?

21 **A** We've followed what is in the news articles about the  
22 health of Toshiba and Westinghouse. We're not privy to  
23 their private balance sheets.

24 **Q** Have you asked them to provide you information about  
25 their financial *bona fides*, their ability to absorb that

1 cost?

2 A As part of the EPC contract agreement, they do have a  
3 guarantee that would be available, you know, during any  
4 litigation.

5 Q That's not my question, though, Ms. Powell. My question  
6 is, has ORS asked Toshiba/Westinghouse to provide any  
7 verification of its financial capacity to absorb  
8 \$800-\$900 million of losses- the very amount of losses  
9 that your own witness says he's concerned about? Have  
10 you evaluated their ability to bear those losses?

11 A As I mentioned before, we have looked at the publicly  
12 available information. We haven't gone beyond the  
13 publicly available information in that particular case.  
14 We have had discussions with Westinghouse and with SCE&G  
15 about their level of commitment to the project and  
16 whether they think they can finish the project.

17 Q Did they tell you everything is great?

18 A They said that they are committed -Westinghouse said  
19 they were committed to the project and they were  
20 committed to finishing the project.

21 Q And did they say they were committed to the project  
22 three years ago? Everything was great, back then?

23 A I -Westinghouse is still here, and CB&I isn't.

24 MR. GUILD: Well, that's all the questions I  
25 have. Thank you.

1 MS. WRIGHT: You asked my questions. I don't  
2 have any.

3 CHAIRMAN WHITFIELD: Thank you, Mr. Guild.

4 Ms. Thompson, I'm sorry I skipped over you.  
5 Do you have any questions for this witness?

6 MS. THOMPSON: No, thank you, Mr. Chairman.

7 CHAIRMAN WHITFIELD: Ms. Wright?

8 MS. WRIGHT: No, he asked every one I had.

9 CHAIRMAN WHITFIELD: Okay.

10 Commissioners? Commissioner Elam.

11 EXAMINATION

12 BY COMMISSIONER ELAM:

13 Q It's almost good evening. On page five of your  
14 settlement-and-direct testimony, please explain how ORS  
15 will monitor the scopes of work covered by the fixed-  
16 price option, so that no future increases will be  
17 granted on those items. How are you going to do that  
18 monitoring?

19 A Sure. So, basically, what the option does is it fixes  
20 the price for the remaining work under the EPC contract;  
21 it has very specific exceptions that were spelled out.  
22 It's not so much a matter of monitoring whether  
23 something is in the scope as monitoring whether  
24 something is an exception to the scope, or not. I think  
25 that that is what we really have to do.

1           We get invoices and our Audit Department reviews  
2           those invoices. The invoices are, you know, associated  
3           with - from Westinghouse, and we would look and see, you  
4           know, is that invoice a milestone payment? Is that  
5           invoice related to the sales tax, performance bond, and  
6           insurance payments, something that's not inside of the  
7           scope of work?

8   Q    Are they coded some way, or do you just have to make a  
9           judgment about whether something is in the scope or not?

10   A   I'm not familiar with the details of the invoices,  
11           because Audit really usually works with that. I do know  
12           that there is coding on the invoices. And in the past,  
13           we had asked SCE&G to help us to, you know, flag  
14           invoices related to certain issues or certain items.  
15           And when they get the new milestone payment schedule  
16           negotiated, I feel like that's probably how we would  
17           probably handle it, going forward, as well.

18   Q    Is this monitoring any different than what you have done  
19           in the past?

20   A    No. There have always been scopes of work that were  
21           fixed, scopes of work that were time-and-material,  
22           scopes of work that were, you know, under other  
23           different cost structures. It's actually much simpler  
24           than past, because it's all fixed except for a very  
25           small amount that's not fixed.

1 Q Okay, thank you.

2 A You're welcome.

3 CHAIRMAN WHITFIELD: Thank you, Commissioner  
4 Elam.

5 Other Commissioners?

6 [No response]

7 Well, if no further Commissioner questions,  
8 Mr. Nelson, any redirect?

9 MR. NELSON: No redirect, Mr. Chairman.

10 I'd ask that Ms. Powell please be excused from  
11 the rest of the hearing, if everybody is done with  
12 her. She has an appointment tomorrow she has to be at.

13 CHAIRMAN WHITFIELD: Yes, we realize she has a  
14 schedule conflict tomorrow.

15 And if no one has any further questions, Ms.  
16 Powell, you may step down and you are excused for  
17 tomorrow.

18 And at this time, we're going to recess the  
19 hearing until in the morning, and we will start  
20 back at 10:30 in the morning.

21 [WHEREUPON, the witness was excused.]

22 [WHEREUPON, at 6:00 p.m., the hearing in the  
23 above-entitled matter was adjourned, to  
24 reconvene at 10:30 a.m. on October 13, 2016.]

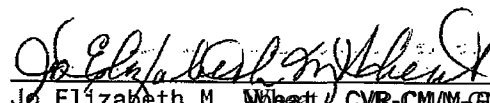
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C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, Notary Public in and for the State of South Carolina, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of proceedings had and testimony adduced in a hearing held in the above-captioned matter before the PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA;

That the witnesses appearing during said hearing were affirmed by me to state the truth, the whole truth, and nothing but the truth;

IN WITNESS WHEREOF, I have hereunto set my hand and seal, on this the 21<sup>st</sup> day of October, 2016.

  
Jo Elizabeth M. Wheat, CVR-CM/M-GNSC  
Hearings Reporter, PSC/SC  
My Commission Expires: JANUARY 27, 2021.

Depo:

- ① Tell JAAe Antenna
- ② Answer the Q asked
- ③ Stick to the Q

10/20/17  
 Brandon West SCE  
 Spade SCE  
 Moods SCE  
 Mullins SCE  
 Dennis Jm  
 KLM SCE  
 KLM SCE  
 Gibson Class

Sent. 1/1/18

- ④ Recall of my discussion e BREMIA through abandonment.

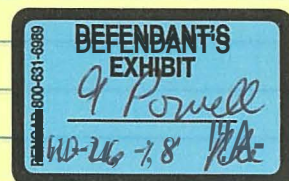
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⑤ Ones

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**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S FIRST AUDIT INFORMATION REQUEST  
October 15 Amendments to the Engineering, Procurement, and  
Construction Contract Related to the Construction of a Nuclear Baseload  
Generation Facility at Jenkinsville, South Carolina**

**REQUEST 1-32:**

Has SCE&G decided to retain the services of a Project Consultant as allowed in the Agreement? What are the costs associated with these services? Are these costs included in the current estimate of the Owner's Cost? Has a contract been awarded? If so, to whom? If this decision has not yet been made, please advise the target schedule for making a decision or implementing this service.

**RESPONSE 1-32:**

Yes. SCE&G has decided to retain the services of at least two project consultants for consultation as to the process for the selection of construction payment milestones. One of the consultants, Work Management, Inc., has already performed its services; and SCE&G expects that the cost of those services will be less than \$5,000. The second company has not yet signed a contract or provided any services, but the costs should not exceed \$25,000. There are sufficient funds in the Owner's Cost category to cover these amounts.

**FIRST SUPPLEMENTAL RESPONSE 1-32:**

SCE&G retained the consulting services of Work Management, Inc. concerning the selection of construction payment milestones. These consulting services were provided at no cost to SCE&G. With regard to the second consultant company referenced in Response 1-32, SCE&G has elected to not pursue the hiring of this company.

**SECOND SUPPLEMENTAL RESPONSE 1-32:**

After deciding not to pursue the hiring of the second consultant company referenced in SCE&G's First Supplement Response, 1-32 above, SCE&G has now decided to retain the services of another project consultant, Secretariat International, Inc., to assist the Company with the construction milestone payment schedule. As stated in Response 1-32 above, there are sufficient funds in the Owner's Cost category to cover this expense.



SCEG000341